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R. Jones

LITERARY REMAINS,

CONSISTING OF

LECTURES AND TRACTS

ON

POLITICAL ECONOMY,

OF THE LATE

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REV. RICHARD JONES,

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AND MEMBER OF THE TITHE AND CHARITY COMMISSIONS,

EDITED,

WITH A PREFATORY NOTICE,

BY THE

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PREFATORY NOTICE.

THE following literary remains of Richard Jones have been collected and published, in the belief that he was not only a man of eminent practical ability in the important public offices which he filled, but that also his speculations in political economy were of a valuable and original character; and were so to such an extent, that many students of that subject may be glad to see them followed out further than was done in the works published in his lifetime. As this conviction is the main ground of the pains which have been bestowed in bringing forth this volume, perhaps we may be allowed to endeavor to explain briefly the peculiar character of Mr. Jones's politico-economical philosophy.

For this purpose we must recal to the reader's mind the aspect which Political Economy had assumed in England at the time when Mr. Jones took up the subject. By the labors of various writers, culminating in the treatise of Mr. Ricardo, Political Economy had

become in a great measure a *deductive* science: that is, certain definitions were adopted, as of universal application to all countries upon the face of the globe and all classes of society; and from these definitions, and a few corresponding axioms, was deduced a whole system of propositions, which were regarded as of demonstrated validity. Thus, for instance, it was held that rent was the result of the excess of the produce of good over that of bad soil;[1] and hence, it was taught, the landlord's interest is opposed to the interest of the other classes of society. And this deductive system was undoubtedly woven together with great ingenuity; and, being maintained by men of great practical reputation, had obtained a great hold upon men's minds, and was accepted as a body of valuable truths by a large circle of admiring readers.

In broad distinction to this deductive system, Mr. Jones followed an *inductive* course in his reasonings on Political Economy. He took a survey of the tenure of land, and of the conditions on which it is, and has been, cultivated, carrying out his examination by bringing together the accounts of all countries and all ages. And the result of this survey was, that the rent of land—the payment which the cultivator makes for its use—cannot be described by any one single Definition from which its amount can be deduced, and can be

[1] I am aware that this doctrine was modified by speaking of *successive doses of capital*, etc.; but this modification is not essential in the view given here.

understood only by dividing such payments into certain large classes; the effect of such a separation of rents into classes being, that we can then point out the bearing—very different in the different classes—which these payments have upon the comfort, prosperity, and progress of each society. And this mode of treating the subject, he was wont to call the Political Economy *of Nations*.

He was thus led to divide rents, according as they exist in different nations, into *Serf* Rents, *Metayer* Rents, *Ryot* Rents, *Cottier* Rents, and *Farmers'* Rents. This classification is, we believe, quite original, and was made by Mr. Jones the basis of many curious and striking remarks on the differences in the economical and social career of different nations.

Many of the conclusions to which he was thus led were, as it may well be supposed, entirely at variance with the doctrines of the *à priori* school.

It would be an interesting and amusing episode in the history of Political Economy to relate the ways in which the adherents of Mr. Ricardo replied to that denial of his results which Mr. Jones could not avoid, in his mode of treating the subject. But this was merely a casual and ephemeral incident in the course of his speculations. It will easily be understood that such a classification of nations, and such an analysis of the causes of progress and regress in each, thus leading to wide truths, by observation of particular

circumstances, and to wider truths by conjunction of less wide, was a philosophy of great value in itself; and the more likely to lead to valuable truth, because it was in conformity with that general process of induction, by which all the most substantial truths which man possesses (except only mathematical truth) have been obtained.

But yet, as opinions are brought out most distinctly by their opposition, I may notice some of the remarks made at the time, by Mr. Ricardo's admirers, upon Mr. Jones's conclusions, and upon his reasonings. "Mr. Ricardo (they replied) does not pretend to give an exposition of the laws by which the rise and progress of rent, *in the ordinary and vulgar sense of the word*, is regulated. He was as well aware as Mr. Jones, or any one else, that the rent, the origin and progress of which he had undertaken to investigate, was not that which is commonly called *rent*. He did not profess to examine the circumstances which practically determine the actual amount of rent in any country."

To this it was a sufficient reply to say, that the object of Mr. Jones *was* to give an account of the laws by which rent, "in the ordinary and vulgar sense of the word," is regulated. He tried to ascertain the progress and consequences of "what is commonly called rent." And the reader might be left to decide for himself which subject of inquiry may be the better worth his notice,—the rents that are actually paid in

every country, or the Ricardian rents, which are *not* those actually paid in *any* country.

But the reader might further ask, Did Mr. Ricardo *really* confine his assertions concerning rent, in the manner thus stated by his admirers? It is certain that he did not. He was charged, even by his admirers, with error, for his doctrine that the interest of the landholders is opposed to that of the rest of the community. Were not these *landholders* intended by Mr. Ricardo, and understood by all his readers, to be identified with the receivers of actual rents? or were they different from landholders "in the ordinary and vulgar sense of the word?" And when these disciples of his took credit to themselves, as they did, for avoiding his errors, and enforcing the identity of interest of the landlord with that of the public, who was *their* landlord, and what his interest? Was he the receiver of "what is commonly called rent," or was he an imaginary personage whose interest depends on the increase of rents "which are not paid in any country?" Was he, in short, the squire of the parish, or the creature of a definition?

Such was one of the many points of conflict between the inductive and the deductive system of Political Economy—between the view of the actual world, which contemplates the cultivators and proprietors of land in the forms in which they really appear in different climes and times, with their variously modified interests

and possessions; and the view of the hypothetical world, according to which, by a supposed universal and necessary law, the proprietor everywhere and always has a rent measured by the excess of the value of his soil over the worst cultivated soil. Yet, though the theory of rent, which is one of the bases of Mr. Ricardo's system (a theory originally published by others), be thus hypothetical and partial; there can be no doubt that in England, and in countries circumstanced like England, it is a very happy and striking generalization of the conditions of the problem of rent. And those who have clearly apprehended the theory in this application, generally entertain an admiration for it, which makes them unwilling to believe, what Mr. Jones has repeatedly said, that the rents which are included in such a definition (namely, farmers' rents) are the smallest of the classes of rents; are practically limited to England, Holland, and a portion of the United States of America; and are to be regarded rather as exceptional than normal, as to the general theory of the subject.

Perhaps it may not be uninstructive to attend to what is said on the two sides in reference to this opinion. Those who thus cling to the Ricardian formula respecting rent, while they allow the wide extent of the exceptions to its applicability pointed out by Mr. Jones, say sometimes that there is everywhere, in the distribution of wealth from which rent results, a

tendency to conform to the formulas, though this tendency may be overmastered by the peculiar circumstances of the various countries which Mr. Jones considers. Now to this the reply is, that it is not the obstacles to the tendency which are the exceptional case, but the tendency itself. The tendency of rents to the formula ("the excess of good soils over bad") results entirely from the hypothesis of the accessibility of land to the farmer, and the *mobility* of the farmer's capital from one piece of land to another. But this hypothesis, looking at the state of the world in general, is very rarely verified; and the conditions which determine the interests and position of the various ranks in most countries, depend upon the strong ties which *prevent* the land from passing from one hand to another, and the capital which is employed in its cultivation being removed to any other employment. Instead of having rents determined by the condition, that if another tenant will pay a higher rent he may have the land, and that if the tenant does not find the cultivation pay, he will move his capital to some other employment, the general case is, that there are strong and almost insurmountable obstacles to the transfer of land to new tenants, and of agricultural capital to new employments. So little does the general condition of the world exhibit a *tendency* to a state of things in which these transfers are the rule; and so little does the general distribution of wealth *tend* to the results of such a hypothesis.

This doctrine of a universal tendency in the social world to reduce rents to the form of the Ricardian definition, we may perhaps be allowed to illustrate by saying that it is, as if a mathematical speculator concerning the physical world should teach, as an important proposition, that all things *tend* to assume a form determined by the force of gravity: that thus, the hills tend to become plains, the waterfalls to eat away their beds and disappear, the rivers to form lakes in the vallies, the glaciers to pour down in cataracts. To which the reply would be, that these tendencies are counteracted by opposite tendencies of the same order, and thus have only a small share in shaping the earth's surface. The cohesion of rocks, the tenacity of ice, the original structure of mountains, are facts as real as the action of gravity; and the doctrine that the earth's surface *tends* to a level, is of small value and limited use in physical geography. And just so the original structure of nations, their early history, customs, and habits determine the tenure of land, and the relation of the cultivator to the classes above him, in a degree indefinitely greater than the mobility of capital and the consequent changes of tenure. Over a large portion of the earth's surface, and during a large portion of the history of every nation, the former causes do almost everything, the latter, almost nothing.

Such was a leading doctrine of Mr. Jones's work

on Rent,[1] published in 1831. As generally is the fate of works which oppose a popular and ingenious system, it was not very favorably received by the reigning school. But that, notwithstanding this, it contained a view of the subject which was both new and true, we cannot doubt, when we look at the works of eminent English writers on the subject which appeared afterwards. Mr. John Stuart Mill, for instance, in his *Principles of Political Economy*, has adopted the classification of Peasant Proprietors, Metayers, and Cottiers, in addition to common or Farmers' rents. He has indeed deviated from Mr. Jones's scheme in including the Ryots of India in his chapter on Cottiers; but the differences between the two classes which Mr. Jones has pointed out, not only in their condition, but in their social prospects, are so strong and broad, that this division may well be regarded as co-ordinate with the others.[2]

Such, then, was Mr. Jones's work on Rent, and such its relation to the speculations of contemporary writers. But this volume required to have other volumes added to it, to complete the great design of giving a view of the Political Economy of Nations. And to have

[1] The Syndics of the Press belonging to the University of Cambridge took upon themselves the expense of printing this book, as they not unfrequently do with regard to works of merit, especially when written by members of the University.

[2] It may be noted as a curious specimen of the mode in which inductive works are received by the opposite school, that Mr. Jones's work was disparagingly praised as "a valuable collection of facts;" and this, by a writer who adopted the classification as well as the facts.

added other volumes was Mr. Jones's intention from the first. The title under which his work appeared was this: *An Essay on the Distribution of Wealth and on the Sources of Taxation.*—Part I. *Rent.* The next portion of the subject on which he intended to publish was, *Wages*; for it appeared, from his cosmographical survey of the economical condition of the earth, that the classes of laborers, the forms which wages assume in different countries, and the effects which they produce upon society, are as various as those of rent. As he had divided rents into certain classes, so he distributed laborers into three great classes according to their condition in different countries. These classes are[1]:—

1. Unhired Laborers, who till the ground which they occupy as peasant cultivators, and live on *self-produced wages.*

2. Paid Dependants, who are paid out of the *revenue* or income of their employers; such as the greater part of the non-agricultural population of Asia at present, and the military retainers and domestic artizans of the French and English aristocracy in the middle ages.[2]

3. Hired Laborers, who receive their wages out of *capital.*

The third class, previously considered almost exclusively by English political economists, is probably the

[1] See pp. 13, 80, and 115 of this volume. [2] See pp. 134 and 440.

least numerous of the three, as farmers' rents are the least extensive kind of rents: and thus the science had been made to refer, almost entirely, to a type of society, which, speaking cosmographically, is exceptional.

Mr. Jones had committed to paper a great mass of materials and speculations on this subject, and sometimes fancied himself almost prepared to publish his volume upon it; but other occupations and, soon, public duties, as Professor of Political Economy at Haileybury, and as a Member of various Commissions, intervened, and this intention remained unexecuted. His office of Professor led him afterwards to put his views in the form of lectures; and these, with other writings which he left behind him—most of them on cognate subjects—are here published. His speculations which refer to Wages, as may appear from the above account of them, are of the same inductive character as his treatment of rent.

Having noticed the *inductive* nature of Mr. Jones's social and political philosophy as its special and distinctive character, perhaps I may be allowed to say that the disposition to take such a course in his speculations belonged to him from an early period. It existed at the time of his Cambridge undergraduateship, and was nourished by the sympathy of some of the companions of his college days. The *Novum Organon* was one of their favorite subjects of discussion. John

Herschel was one of the companions to whom I have referred; and his incomparable *Discourse on the Study of Natural Philosophy* shows how admirably such previous trains of thought had fitted him to be the commentator of Francis Bacon. And, if I may speak of myself, I may mention that, when I dedicated to him my *History of the Inductive Sciences*, I said, in the dedication, that my volumes "were the result of trains of thought which had often been the subject of our conversation, and of which the origin went back to the period of our early companionship at the University," recollecting with pleasure and gratitude that I had, even then, discoursed with them on such subjects. Richard Jones himself was always prompt and strenuous in maintaining that all the best part of his intellectual habits had been acquired at College.

He began his residence as a student at Caius College in October, 1812. He was then a little older than the usual age of Cambridge Students, for he was born in 1790. His father was an eminent solicitor at Tunbridge Wells; and Richard Jones was himself destined for the profession of the law, a sphere in which his mental acuteness and vigor, and his natural eloquence, promised for him a successful career. But it was then judged that his health required another course of life; and with that view he was sent to Cambridge. Carrying thither a few years' more knowledge of the world than he found in his companions in general, a con-

siderable acquaintance with literature, and an extraordinary share of wit, fluency, good spirits, and good humor, he naturally became a favorite with many circles in the University: but he most preferred the most intellectual; and, though he did not himself aim at high University honors, he associated commonly with those of his time who obtained the highest distinctions; for instance, besides Herschel, the late Edward Jacob, the late Alexander Darblay, and the late Dr. Peacock, to these names of his friends, I may add, Mr. Babbage, Sir Edward Ryan, Mr. John Musgrave (brother of Sir Richard Musgrave, of Myrtle Grove, Co. Cork), Mr. T. Greenwood, the author of *Cathedra Patri*, and the like; and these University companionships, for the most part, ripened into close and permanent friendships. When he quitted the University in 1816, he took holy orders, and was curate successively at various places in Sussex, a part of England for which he had a truly filial fondness.[1] During a portion of this period also he resided with his father at Brighton; and in 1823 he married Charlotte Attree, of that place, the sister of Mr. Thomas Attree, of the Queen's Park. He was then, from 1822, for a course of years, curate at Brasted, near Westerham; and there he brought into shape the work which he published; and there, in the vigor of his intellect, and with his mind not yet drawn aside from the

[1] Mr. Jones was, however, of Welsh extraction, and was accustomed to assert his Celtic nationality in various ways.

pleasures of speculation to the excitement of a more public life, he planned many a large and lofty literary project, though he was mainly known to his country neighbors as a most sagacious agriculturist and a most agreeable companion.

By degrees, however, practical action began to predominate in Jones's life over speculative and literary occupations. Those who knew the great quantity of facts which he had accumulated as materials for his *Political Economy of Nations*, and the many original and striking trains of thought with which these facts were in his mind connected, could not see without regret the hope that his work on the *Distribution of Wealth* would be completed, gradually fading away. But his practical labors were closely connected with his theoretical knowledge, and indeed had grown out of that; and probably no other person could have discharged so well some of the offices in which he was employed.

Soon after the publication of his *Treatise on Rent*, he was appointed Professor of Political Economy at the then newly established King's College, London. He delivered on the 27th of February, 1833, his Introductory Lecture at this institution, which was soon afterwards published; and this lecture contains perhaps the best general sketch of his political economical principles which is to be found in his writings. He here takes the view which I have already noticed,

of the different classes among which the wealth of different countries is distributed, and points to the manner in which their political is governed by their economical constitution. He sketches, too, the progress of opinion in England on the effects of commerce;—the successive systems of the *balance of bargain* and *balance of trade*, which he afterwards described in the *Edinburgh Review* (p. 291 of this volume). He touches on the subject of taxation, and especially the doctrine of its *incidence* on particular classes, as held by the French economists and others. He points out how decidedly the economical condition of England is not a normal and typical condition, but a peculiar and exceptional one. He says (p. 558 of this volume), "There are persons among us, and of no mean rank in the intellectual world, who think that English political economists may allowably consider the state of things about them, if not as a picture of the condition of the world, yet as a pattern, towards which the institutions and economical habits of other nations are approaching with a quicker or slower motion; who believe that, while we study our own economical elements and conformation, and those only,—if we do not get a knowledge of the phenomena which the rest of the people of the earth present to the philosopher as his materials, we shall at least get a knowledge of a state of things which will one day be theirs, and is destined to be universal.

"Gentlemen, I cannot join in these views. Our

inquiries and reasonings about the future progress and condition of communities of men, must, if they are to have any practical character, be confined to the advance and fortunes of nations, during periods somewhat like those which the history of the past and our knowledge of men's natures teach us are likely to bound the duration of empires, and people, and states of civilization. During such periods, I see no great chance of the world collectively being anything different from what it has been and is."

I may quote a few sentences more to illustrate the inductive character which I have ascribed to Jones's philosophy (p. 562).

"If we wish to make ourselves acquainted with the economy and arrangements by which the different nations of the earth produce and distribute their revenues, I really know but of one way to attain our object, and that is, to look and see. We must get comprehensive views of facts, that we may arrive at principles which are truly comprehensive. If we take a different method, if we snatch at general principles, and content ourselves with confined observations, two things will happen to us. First, what we call general principles will often be found to have no generality; we shall set out with declaring propositions to be universally true, which, at every step of our further progress, we shall be obliged to confess are frequently false: and, secondly, we shall miss a

great mass of useful knowledge, which those who advance to principles by a comprehensive examination of facts, necessarily meet with on their road."

It is pleasant to find in this lecture a cordial recognition of the merits of a great philosopher in the same department of knowledge, whom he had often occasion to criticise, and whom he succeeded as Professor in the East India College at Haileybury. He speaks of population as one of the divisions of his subject, and says (p. 564):—

"When I turn to population, it is my first duty, and it is a pleasing one, to remind you that we have still living among us, in the full vigor of his faculties, the distinguished philsopher to whom we owe all our really scientific knowledge on this subject. You will perceive, of course, that I allude to Mr. Malthus; and I am the more forward to perform this duty, because it may be my lot sometimes to offer what I think corrections of the views of that really eminent man; to express occasionally differences, or shades of difference, in our conclusions; perhaps now and then to combat a few of his positions altogether. I shall do this with the freedom due to truth, and with the deference I feel to be due to him; but, knowing that such a task may occasionally await me, I seize this early opportunity of declaring my sense of grateful obligation for the knowledge I have reaped from his writings."

Mr. Jones had already visited the East India College, and made acquaintance with Mr. Malthus. In March,

1835, Mr. Malthus having died, he was appointed to succeed him in the professorship of Political Economy and History. The appointment was formally in the Court of Directors; but really, it was understood, in the chairman of the Court, Mr. St. George Tucker.

Professor Jones was appointed at a time when the abolition of the Court was under consideration, and his first appointment was only for one year; and soon afterwards, his appointment as Tithe Commissioner led to his tendering his resignation of the professorship; but the Directors requested him to retain the office, which he did till near his death.

The College at Haileybury, during the whole period of its existence, included a rare collection of eminent literary men. Sir James Macintosh had been succeeded by William Empson (afterwards editor of the *Edinburgh Review*), before Malthus was succeeded by Richard Jones. At that time, Dr. Batten was the Principal of the College, and Mr. Le Bas (afterwards the Principal) was the Dean and Mathematical Professor. Mr. Jeremie (now Regius Professor of Divinity at Cambridge) was Classical Lecturer, and afterwards Dean; and the other offices of teachers were filled by accomplished scholars, of whom I may especially mention Meerza Ibrahim, the teacher of Persian. Jones's conspicuous ability and remarkable conversational powers added to the attractiveness of the place. Many of the most eminent men of the time visited the College; and it was not unusual to

meet in the College-hall such guests as Smyth, Herschel, Babbage, Lords Brougham, Campbell, Cranworth, Monteagle, Ashburton, Murray, Fullerton, Barons Parke and Alderson, Mr. Bellenden Ker, and others of like note. I may especially mention Lord Jeffrey, who, as the father-in-law of Professor Empson, paid annually long visits to the College, and delighted in discussing questions of politics and philosophy with Jones.

We come now to the most important of Jones's practical tasks, and one which occupied a long portion of his life; I mean his share in the commutation of tithes.

In his capacity of Professor at King's College, Jones was brought into communication with the Archbishop of Canterbury (Howley) and the Bishop of London (Blomfield), and other dignitaries of the Church, and had the means of knowing their opinions on this question. His attention had already been drawn to the subject, both as a clergyman and as a political economist; and he had, in his work on Rent, spoken of the commutation of tithes, as a step desirable on several accounts. Such a measure had already been discussed in the Legislature; and Jones in his book (p. 314) said: "What has passed in Parliament may be taken as a proof that the leaders of the Church are willing to co-operate in the adoption of any rational plan of this kind. Should the legislature set about the task with a serious conviction of its usefulness and importance, and entrust the execution of it to persons acting on sound views and in a

frank and honest spirit of conciliation, its very few difficulties would quickly disappear. On the immense importance of such a change, in a political and religious as well as in an economical point of view, it cannot be necessary to enlarge." It is evident from this, that he had, even then (before 1831), carefully considered the subject. The matter was soon brought before Parliament; and in 1833 an attempt was made by the Government to promote a commutation. About this time Jones published a pamphlet on the subject, with a sketch of a Bill. He says there: "The sketch of a Bill which follows has been drawn up for some time. As far as it has been privately circulated, it has secured (almost without exception) the suffrages of persons holding the most opposite opinions as to the Church and tithe. Still, had its provisions been inconsistent with those of the ministerial plan, it would not probably have been now printed." He goes on to say, that the plan of the Government, excepting some of its details, is certainly fair.

The course recommended in this draft of a Bill is not exactly that which was afterwards adopted. Jones here proposes that tithes should be exchanged for various equivalents,—money, land, mortgages, or corn-rents: and that, where the latter equivalent is adopted, the corn-rents should be subsequently redeemed or purchased by the landed body. The attempt at legislation on this subject in 1833, and another made in 1834, failed. In 1835, Sir Robert Peel, who had then become

Prime Minister, brought in a Bill which more nearly approached the subsequent Act, especially in establishing a supreme Board of three Commissioners in London, two of whom were to be appointed by the Government, and the third by the Archbishop of Canterbury. I do not know that Professor Jones was in any very intimate communication with the Government during the discussion of this Bill. Mr. Goulburn, then Home Secretary and member of Parliament for the University of Cambridge, had, I think, adopted several of Jones's views, and Sir Robert Peel made some inquiries of him. Sir Robert Peel was driven from the premiership; and in 1836 a Tithe Commutation Bill was again introduced by Lord John Russell; and in the preparation of this, and its passage through Parliament, Mr. Jones had a large share. He was associated with Mr. Drinkwater Bethune in drawing the Bill, and was understood to act on the part of the Church and the Conservative party in the negociations which took place during its progress. But his advice was also valuable as that of a person well acquainted with practical agriculture. He had, some time before, studied the subject of the tithe of hops, the characteristic produce of his native county, and one of the most difficult articles in the question of tithe. In conjunction with Mr. Thomas Law Hodges, Member of Parliament for the western division of that county, and an eminent landowner, a Bill had been prepared respecting a commutation of the tithe of hops, which Mr. Hodges was to

introduce into Parliament. Mr. Jones also had the merit of doing much to reconcile the clerical body to the measure. This was no easy task; for the Bill commuting existing tithes on certain principles of valuation, deprived the clergy of all prospective increase in the value of their tithes arising from an increase in the produce of the land. Ultimately difficulties were surmounted, and repugnances in a great measure soothed, and the Bill was passed in both Houses of Parliament. While it was pending, Mr. Jones published a pamphlet upon it, defending its general principles.[1]

Professor Jones had well merited, by his advice and exertions in the construction and progress of the Bill, that he should be appointed, on the part of the Archbishop, *his* tithe commissioner; the other two, appointed by the Government, being Mr. William Blamire, whose assistance in the modification of the Bill during its career had also been very valuable, and Captain Wentworth Buller.

The Act entrusted those Commissioners with the administration of a commutation, voluntary for a time (two years), and afterwards compulsory. They proceeded immediately to their task; and the success of the measure in practice must be regarded as a notable proof of the wisdom with which it was conceived, and the care and equity with which it was carried into effect. Probably no measure affecting so large a mass of pro-

[1] *Remarks on the Government Bill for the Commutation of Tithes*, 1836.

perty, and dealing with so many cases of conflicting interests, was ever executed with so little complaint of injustice or hardship.

The great bulk of the commutation was effected in a very short time, compared with the magnitude of the task; and it was ascribed by eminent persons in a great degree to Jones's energy, promptness, and clearness of view, that as much was done in three years as might in common hands have occupied ten. A return was annually delivered by the Commissioners to the Home Secretary of the progress achieved in their task; and Jones, who wrote these returns at first, made a point of confining them within the limits of a single page.

It will show the magnitude of the interests dealt with by this commission, to give some extracts from the report of their proceedings to the close of the year 1857. From this it appears that, in 12,209 districts, the tithes had then been commuted by confirmed agreements or confirmed awards. The commutation in each district being settled, the payments were apportioned to the several parts of the district, and of these apportionments, 11,763 had then been confirmed. So near its close does the task of commutation draw, that, during the year 1857, only two notices for making awards were issued, and only six drafts of compulsory awards were received. The total amount of rent charges thus established was, in 1856, about four millions of pounds sterling.

In carrying into effect an Act dealing with such

extensive and varying interests, many details were to be supplied, and many cases naturally arose which required for their decision, besides a steady spirit of equity, a legal habit of mind and a power of steering between opposite difficulties in practical questions. In these tasks, Professor Jones's ability was very conspicuous. The papers of Forms and the Instructions for assistant commissioners and other subordinate officers were mainly drawn up by him. And in the decision of practical and legal questions, his merit was acknowledged by high authorities. His decision on the Appledore modus rent charge apportionment was one case of this kind;[1] and this was afterwards adopted *verbatim* by the Judges of the Queen's Bench. His paper on varying rent charges was another, of which he was proud, as an answer to a difficulty raised by Lord Wynford (Best, C. J.). He was also mainly concerned in obtaining, as a part of the machinery of the commutation, maps of every parish, showing the parcels of land on which tithe was apportioned; and these maps, sanctioned by the seal of the commissioners, became legal authority for parochial and other assessments.

Being thus led to mix in the business of legislation, he gave his attention to other Bills affecting the interests of the clergy. In 1838 a Bill was introduced into the House of Commons, "To declare the equal liability of Tithe Commutation Rent Charges and other

[1] Given in *Queen's Bench Reports*, A.D. 1845, vol. viii., p. 146.

Hereditaments to be rated at the Net Annual Value" in parochial assessments. This proposal, that the rent charges of the clergy should be assessed in the same way as rent, appeared to Mr. Jones very unjust, because such rent charges are of the nature of payments for services, which payments are not assessed in other professions. He also thought it contrary to the fundamental principles of the Poor Law, and the whole current of legal decisions thereon. The spirit and earnestness with which he attempted to resist this injustice may be judged of by the opening of the pamphlet which he wrote on this subject.[1] It begins as follows:—

"The clergy of the Church of England are supposed to constitute a body of nearly 20,000 men; of these, about half have benefices; of these benefices, 4,861 are under £200, and 6,725 under £300 per annum. The poverty of so large a body of ministers of religion is a subject of public sorrow. The hand of legislation has been, and is, busy in attempting to alleviate it,—feebly, partially, at some distant day, at the expense of great changes and of great sacrifices. The educated persons who perform the duties of these benefices have, during the mutations of the law of rating, become subject to a tax on the wages of their personal labor, from which that same law exempts the members of all other callings

[1] "Remarks on the manner in which Tithes should be assessed to the Poor's Rate under the Existing Law; with a Protest against the Change which will be produced in that Law by a Bill introduced into the House of Commons by Mr. Shaw Lefevre."

and professions, however rich; and from which I firmly believe that the law, consistently interpreted as to the wages of labor from the beginning, would have exempted them. The progress of the law has, however, left them certain partial immunities, which alleviate, though to a very moderate extent, their peculiar burthen. These immunities rest upon the statutes of the realm. They are guaranteed by the solemn adjudications of its highest courts; yet these immunities it is now sought to destroy by a direct act of legislative violence, for the benefit of the perpetrators of that act. Against this deed I enter a firm (I will endeavor that it shall not be an angry) protest. The task before me will expose me, I know, to some mistaken obloquy. I have had a foretaste of it. At any rate it is a disinterested one. I have a small portion of lay-tithe—that I do not care to protect. I have not, I never had, ecclesiastical tithe to the amount of one shilling. As the task is disinterested, so is it in one respect painful. The measure is introduced by a gentleman for whose character I have the most unfeigned esteem. I have lately been indebted to him, in an affair of public moment, for aid and kindness which I felt to be at once a benefit and an honor. I shall deeply regret any one expression which can personally give him the smallest uneasiness; but I cannot honestly speak of the deed he is engaged in, otherwise than as one of cruelty and wrong; and it is because I think it is so, that I am firmly persuaded

he has embarked in it under mistaken impressions, which I will not abandon all hope of removing."

The arguments thus forcible and thus forcibly put, were answered by Mr. Blake. But Mr. Shaw Lefevre's Bill was ultimately withdrawn. And the principle contended for by Mr. Jones has been accepted, though with some fluctuations, by the Courts of Law and the Poor Law Commissioners.

The commutation of tithes, though carried on with great activity and diligence, occupied several years, and required repeated consideration of the Legislature. Acts supplementary to the original Act of 1836 were passed in 1837, 1838, 1839, 1840, 1842, 1845; and finally, in 1847, an Act which, among other things, continued the commissioners in office till October 1, 1850, and to the end of the then next Session of Parliament.

In 1851 the Tithe Commission ceased to exist separately. It had already, from 1842, had committed to it the powers of a voluntary enfranchisement of copyholds; but the Commission was now merged in a Copyhold Commission, of which Mr. Jones was not a member. In quitting his office, he drew up a memorandum respecting the work connected with the Tithe Commission and still remaining to be done, which he left for the instruction of his successors.

Professor Jones's administrative ability was so completely established by his conduct in this office, that his opinion and advice were, from the time of his holding it,

commonly asked for by public men dealing with questions extensively affecting landlords and clergymen. His demeanor was always decided and confident in treating subjects which he had well studied, his mode of dealing with objections prompt and keen, and his acquaintance with practical details very exact. Moreover, his personal appearance, in youth bright and vigorous, afterwards retained its vigor in a more massive form. Hence it was not surprising that he was sometimes mistaken by strangers for a mere shrewd practical man of business; or that, when he was examined before committees of the House of Commons, especially by an adverse questioner, the readiness and pointedness of his replies were admired as a remarkable example of intellectual gladiatorship. Such qualities also led to his companionship being sought by some of the most able men of our time.

In giving his thought and time to the work of the tithe commission, Jones looked to the ecclesiastical authorities for the means of ultimately retiring from his labors. His services to the Church of England, in devising and effecting an equitable arrangement of her secular interests, by which she was freed from the odium which had fallen upon tithes and secured in the possession of a less obnoxious kind of property, were generally acknowledged. He was told by the Government that he was to look for his final provision to the Archbishop of Canterbury, who had appointed him to the office. And, undoubtedly, it would have been

highly grateful to Mr. Jones if, as his life advanced, his usefulness to the Church had been recognized by the gift of some preferment—one of those pieces of ecclesiastical property, implying a moderate amount of labor in their possessor, which have often been the recompense of much smaller merits. But it was, I presume, never found possible so to reward the Archbishop's Tithe Commissioner; at any rate, it was never done. And Professor Jones had to think himself fortunate that, when he ceased to be a member of the Tithe Commission as it was remodelled in 1851, an income was provided him by his being placed in other commissions for which his ability and knowledge fitted him. He was made, first, Secretary to the Capitular Commission, and, afterwards, one of the Charity Commissioners for England and Wales.[1]

[1] A memorial, urging Mr. Jones's claims to a substantial recompense for his public services, was drawn up in 1852, addressed to the Earl of Derby, who was then Prime Minister. This document was signed by several eminent statesmen of the most different parties and opinions on other subjects; and thus shows the general estimation of Mr. Jones's merits. These signatures are contained in the following letter, which I insert by permission.

"Mount Trenchard, Foynes (Ireland),
"My dear Jones, "*October* 16, 1852.

"I have this day closed my duties by transmitting the memorial respecting your case to Lord Derby. I copy the list of names who have signed it.

Richmond	Portman	Bishop of Lichfield
Lansdowne	Monteagle	Bishop of Gloucester
Fortescue	Archbishop of York	Bishop of Chester
Stradbroke	Bishop of London	C. J. Lefevre (Speaker)
Fitzwilliam	Bishop of Lincoln	J. R. Graham
Harrowby	Bishop of St. Davids	Henry Goulburn
St. Germans	Bishop of Ripon	Sydney Herbert
Brougham	Bishop of Norwich	T. D. Acland
Hatherton		

"I wish I could send you all my correspondence to show you how earnestly and frankly many of these eminent men recognise your services, and how warmly they express the interest they feel on your behalf.

"Sincerely hoping that this effort may be successful, believe me, my dear Jones, always faithfully yours, "MONTEAGLE."

In the meantime his lectures at the East India College went on. On the occasion of his being appointed Tithe Commissioner, he had received permission from the directors to hold his professorship, though non-resident; but of this permission of non-residence he rarely availed himself. He went on throwing his speculations into his lectures, and for that purpose often writing them over in altered forms, as lecturers in such circumstances commonly do. From this habit, the papers which he left, and of which a selection is here published, contain much repetition, though much is still kept back. The principal new feature which appeared in his lectures, so far as the general subject was concerned, was an attempt to determine the effect, upon the progress of population, produced by a rise or a fall of wages. For he held that in either case, the effect might be an increase or a decrease of the number of the population according to the different circumstances belonging to each case. This speculation is contained in Lecture VII., p. 463 of this volume. He there enumerates, for instance, nine causes which influence the effect of a *rise* of wages: namely, 1, the form of wages; 2, the time occupied by the change; 3, the cheapness of commodities; 4, the numbers of intermediate classes; 5, civil liberty and the power of rising in society; 6, the property of laborers; 7, the power of parents; 8, facilities of investment; 9, the education of the laboring classes. This classification afforded the means of adducing a large and varied

quantity of examples, all serving to show how rash and baseless must be any universal proposition respecting the effect of a rise or fall of wages upon population; and thus still manifesting the inductive character of Jones's political philosophy.

He was also led by his position in the East India College to turn his attention especially upon the economical condition and history of India, as may be seen in Lecture VI., p. 446 of the same series. And, as a part of this subject, he studied the Anglo-Indian revenue systems, upon which there is an article at page 281 of this volume.

To the last he cherished the hope of giving something of a complete and systematic character to his speculative views of Political Economy; but the execution of all such projects was prevented by his practical engagements, and by his habits of social intercourse. Another obstacle to his constructing or completing a system of doctrine, was his impatience of the labor which was requisite in order to give literary symmetry to his writings. The results of this peculiarity may be seen in the frequent repetitions of statements and arguments which will be found in the following pages; and in the confused arrangement which we fear will be detected, after all that we have done to give a systematic aspect to the work, by Titles and Tables of Contents. That, notwithstanding these defects, these papers are a valuable addition to the literature of Political Economy, is the conviction under which we have prepared and published them.

Mr. Jones died in the College at Haileybury, the 20th of January, 1855, and was buried in the neighboring churchyard of Amwell.

In preparing these papers for the press, the main labor of comparison, transcription, and directing the printing has been performed by John Cazenove, Esq., one of Mr. Jones's most faithful friends and admirers; and indeed he, rather than myself, has a claim to any credit which the editor of this volume may deserve. The notes marked Ed. are mostly by Mr. Cazenove; but I have been unwilling that these papers should come before the world without some Prefatory Notice, and shall rejoice if Mr. Jones's friends derive any satisfaction from what I have said.

W. W.

Trinity College, *Nov.* 18, 1858.

LECTURES,

ETC.

INTRODUCTORY REMARKS.

THE general principles of Political Economy have hitherto been laid down by English writers with an especial and exclusive view to the peculiar form and structure of society existing in Great Britain. And English writers have, in this respect, been followed, rather blindly, by continental philosophers, who need only have opened their eyes to what was passing around them to see how imperfect and limited were many of the axioms they were adopting as universal and complete; more especially those which related to modes of employing and remunerating Labor, and to the Distribution of Wealth generally.

I shall endeavour to avoid this error, and this endeavour will lead me to present the abstract principles of the subject in somewhat of a new form and order. In doing this, as I shall have some new principles of the subject to introduce, so I shall have many more to qualify and correct.

This will be the case in all parts of the subject, but more especially, perhaps, while treating of Population.

Without thoroughly understanding the causes which determine the movements of population—that is, the rapid or slow advance—the rapid or slow decrease—of the numbers of a nation—we cannot even begin to grapple with many of the most important subjects with which we shall have to deal; including the whole subject of the Wages of Labor, and the Effect of Taxation, direct or indirect, on such articles as the laborers consume, whether as necessaries or comforts: to say nothing here of many higher problems which we shall find connecting this branch of the economy of nations with the causes of their political fortunes and of their moral growth and complexion.

The subject of Population has as yet been left much where Malthus left it, and this is unfortunate. We shall do, I hope, full justice to him, the great father of a branch of inquiry which, while it deals with some of the highest questions with which the intellect of man can grapple, explains, at the same time, a host of practical problems, without a clear knowledge of which the statesman cannot proceed in his daily path without stumbling.

But there is something to be effected beyond this grateful task of doing justice to the mighty dead. We may follow up their track, and, by the aid of what they have done, penetrate somewhat further than they did.

I propose, then, to discuss the subject of Population with some fulness. I expect to be able to show you important results from lines of inquiry which appear to me to be new; and to point to others which we can see a road to, without any great hope of exploring them

completely ourselves, because the phenomena they point to have somewhat of a secular character, and a perfect knowledge of them is probably reserved for philosophers who have before them the records of the accumulated observations of many generations.

What there may be new in this portion of our subject will probably be found useful in all those branches of it which touch either on the distribution of wealth, or on taxation. But I look forward with more hope than ever to this result;—to the new light which, I trust, will be thrown on the moral bearings of the subject;—to the extending to other minds a conviction which long years of thought and investigation have firmly established in my own; namely, that the laws which determine the movements of population have a benevolent tendency, effect useful and glorious purposes during the progress of nations, produce in society moral good and moral beauty, out of all proportion to the stains of evil which sometimes accompany their action, and are perfectly consistent with the harmonious government, by a benevolent Being, of a world in which man is on his trial, and in which all the moral causes which create what is great and good may be seen turned, by the frailty of his imperfect nature, into sources of partial evil.

LECTURE I.

SYLLABUS.

Wealth the subject matter of Political Economy—is here restricted to material objects.—The reasons of this explained.—Inquiry into it separated into the heads of production, distribution, consumption, exchange; and the effects of taxation.—The Earth and Elements the original sources of Wealth.—Error of Adam Smith in representing Labor as its source—did not greatly affect his reasonings, the efficiency of Labor being what chiefly determines the comparative wealth or poverty of nations.—This instanced by the comparison of South America with Great Britain.—Efficiency of Labor dependent on three causes: 1. its continuity; 2. the skill employed; 3. the power by which it is aided—instanced by the comparison of Asia with England.—The great differences observable between them a subject for future inquiry.

Division of laborers into three classes: 1. Unhired laborers; 2. Paid dependants; 3. Hired laborers.—The first of these classes the most numerous, taking the world throughout.—The third class the least numerous, except in our own country, where they predominate.—This predominance a cause of error among modern writers, who have treated of them exclusively.—Specimens of all three classes still exist in England.—The threefold division of laborers founded on the nature and formation of the funds supplying their wages—is essential in reference both to production and distribution—but is purely economical, no way referring to their condition in other respects.

'Wealth' restricted to material objects.

THE subject matter of the science of Political Economy is the "Wealth of Nations," but I must begin by warning you that, in common with my illustrious predecessor, Malthus, I shall use the word "wealth" in somewhat of a technical and restricted sense. While speaking of wealth, I confine myself to such material objects as are "voluntarily appropriated by man."

Writers of eminence have used the term "Wealth" in a much more comprehensive sense, and have included under it all the intellectual attainments, the accomplishments, or the skill, of which the individual members of any community are possessed; and there is a sense no doubt, and a noble sense, in which these may be said to be the most precious portions of a nation's wealth. But when we apply ourselves to the task of examining the laws which govern either the production or the distribution of wealth, we see almost at a glance that there is still a wide difference between the laws which determine the production of the external and material wealth, with which alone I propose to deal, and those moral, intellectual, and internal qualities which are sometimes included under the same term. I do not mean to assert that these last qualities have not laws and a philosophy of their own, but only that they are produced under different laws, and must be explained by a distinct system of philosophy, from those applicable to Wealth as I define it.

Reasons of this explained.

Bolder and happier investigators may be able to throw light upon the system of laws which regulate the production of this mass of moral riches. I do not, I confess, see my own way to the entrance, much less to the completion of such a task. But of one thing I am clear, that before the very first steps are made in it, a system of terms must be adopted and adhered to which will separate those peculiar objects of inquiry, distinctly and systematically, from the material and external wealth with which alone, I repeat, I mean

to deal, and which alone I shall include under the term Wealth when it is used by itself in the following lectures.

Inquiry into it separated into heads.

Our investigations as to national wealth, then, will be divided into inquiries into the laws which regulate, 1st, Its production; 2nd, Its distribution; 3rd, Its consumption; 4th, Its exchange; 5th, The phenomena consequent on different systems of taxation.

The earth and elements the source of wealth.

In examining into the laws which determine the amount of wealth produced, we turn, first, to observe its original sources. These, no doubt, are the earth and elements. From them all the material wealth which man can appropriate or fashion is originally produced. Labor was inadvertently described by Adam Smith as the source of all wealth. The mistake, for reasons we shall presently give, very slightly affected the correctness of his reasonings; but still it was a mistake. Labor is the universal instrument, without which none of the productions of nature could be appropriated by man, or made useful to him; but his labor is no more the original source of his wealth than the mouth is the original source of his food, which it masticates and prepares for the nutriment of the frame. I have stated, and shall presently prove, that this mistake very slightly affected the correctness of Smith's reasonings; but, having in view the historical and practical researches which our course will lead us to, it is important for us not wholly to put out of sight the natural inequality between the original sources of wealth in different countries.

Error of Smith—only slightly affected his reasonings.

When we are hereafter observing the economical circumstances which contributed to establish the first elements of human civilization, we shall find this difference between natural sources of wealth, independent of human labor, of moment.

The use of the cereal grains generally, and of the precious metals as instruments of exchange, arose among people whose political history has perished, but whose economical history has survived. The Labor of those nations we know to have been made fruitful by the exuberant fertility of their soil, which enabled them to maintain a large agricultural population, the inhabitants of the earliest cities of the earth. From the bosom of these cities arose most of the arts we have mentioned, which are still the most important of those by which the invention of man has speeded and adorned the progress of civilization. And when from the ancient days of the earth we turn to our own, assuredly we cannot understand the progress of the New World or the unexampled rapidity with which the knowledge and civilization of European nations is covering the globe, unless we make due allowance for the peculiar fertility of sources of wealth not identical with the labor of man; that is, for the powers of virgin soils and for their teeming fertility under favorable climates.

But again, having a view to his own objects, Adam Smith was right in assuming that, in tracing the progress of national wealth, we may safely apply ourselves principally to the examination of those causes which affect the efficiency of labor. If we confine our view to any one nation, then, the fertility of its

natural sources of wealth being a given quantity—a something we are assumed to know—its poverty, or its comparative wealth, will depend wholly on the efficiency of its labor. And even when we extend our view to a comparison of different nations, we shall find among those who have made a few strides in civilization, that the efficiency of their labor determines their comparative wealth much more than any difference in their natural resources. The soil and climate of great part of South America, between the Andes and the Atlantic, is probably the most favorable in the world,—the most capable of sustaining a mighty population, and affording the richest and most abundant materials for the exercise of every branch of human industry. Yet these countries are notoriously the poorest and most wretched on the face of the globe. And, not to compare civilized and barbarous races, let us turn to Europe. The climate and soil of Great Britain are by no means the most favorable for production; yet the produce of her soil is far greater, compared with the numbers of those who cultivate it, than that of any nation of modern times; and this enables her to maintain an enormous non-agricultural population, the greater powers of whose industry complete the perfection of her fabric as a producing machine, more powerful and more perfect than any the world has seen.

Efficiency of labor the determinant of wealth.

Comparison of the efficiency of labor in South America and Great Britain

If we compare the continental nations with each other, we shall find them teaching a like lesson. Those naturally the most fertile are far from being also the richest: of those which are the poorest, it is easy to

see that their poverty is due, not to the parsimony of nature, but to the inefficiency of their own industry. There are even cases in which the marvellous productiveness of the soil, by causing habits of indolence and paralysing labor, is the direct cause of the poverty of the inhabitants.

We may conclude, then, that though the earth and elements are sources of wealth, the efficient cause and instrument by which their natural powers are developed and made fruitful is the labor of man; and that the efficiency of that cause or instrument contributes more, on the whole, to determine the positive and comparative wealth of nations than any difference in the original sources of their wealth. These conclusions are a sufficient justification of the course taken by Smith when he made an inquiry into the causes of the varying efficiency of human labor the foundation of his essay on the Wealth of Nations, and in this respect we shall follow in the footsteps of the great master.

There are three causes which determine the efficiency of labor:—

1st. The continuity with which it is applied.
2nd. The skill by which it is directed.
3rd. The power by which it is aided.

Efficiency of labor dependent on

1. Any time lost in the application of labor, whether by unsteadiness in its application to the same task, or by shifting from task to task, is obviously so much lost of its productiveness; and every circumstance which confines it to one object, and that steadily and continuously, is obviously, by the mere

1. its continuity—

gaining of time, so much gained for its productive power.

2. the skill employed—

2. By dexterity men make the most of the powers of the human frame, and by skill they apply knowledge and intellect to act upon, with the greatest effect, the qualities of the material world. The potter who moulds with his hands, from the lump of clay before him, the various beautiful forms of earthen vases which we are accustomed to admire, does, in a few minutes, what it would take a less dexterous workman weeks to accomplish, if ever he accomplished it at all. The common blacksmith who heats a bar of iron red hot, and then moulds it into a shoe, does, rapidly, by his skill, what any one ignorant of the properties of iron could only effect by the expenditure of much more time and much more labor.

3. the power by which it is aided.

3. The powers by which the labor of man is aided are tools and machinery worked by hand, or by the elements, air, water, and steam; and I do not know if we are yet to add gunpowder and electricity. These are direct aids. There are more indirect ones, but still of great importance. The road which facilitates the labor of transport, the canal, the railroad, and an infinity of other contrivances which enable men to do, with ease and rapidity, what they must else do more laboriously and in a greater time, are indirect aids which bring additional power to the efforts of human labor.

We need not dwell on this, living, as we do, in a country where the enormous development of all these aids to human power have created a new era in the history of human industry.

To understand the enormous difference in the comparative wealth of nations of equal extent of territory which is created by the different degrees of continuity, skill, and power with which their labor, in producing wealth, is exerted; we have only to cast one comprehensive glance at the world around us.

Difference of the efficiency of labor in Asia and England.

In Asia and in some parts of continental Europe we shall observe much the greater portion of the people existing as cultivating peasants, laboring under no other guidance than their own; and laboring, therefore, how they please and when they please;—hard at some seasons of the year, scarcely at all at others;—each individual performing all the varied tasks of agricultural labor, turning occasionally from these to the task of producing coarse home manufactures; and laboring, therefore, as discontinuously, and—inasmuch as the laborer himself is the sole assistant of labor—with as little aid from either knowledge or power as we may expect from the necessities of his condition.

With this great mass of agricultural laborers, we shall observe mixed a small non-agricultural population, principally of artizans and handicraftsmen, who again are their own masters, who ply for jobs, are dependent on the expenditure of the revenue of the richer classes (almost exclusively landowners) for employment, who complete all the various parts of the labor necessary for their calling, each with his own individual hand, and who again are, like the peasants, wholly dependent (laborers though they be) on their own knowledge and their own resources for the skill by which their manual labor is aided and made efficient.

Turn again to England. Observe there the agricultural population all but universally laboring under the guidance of an employer, whose interest it is to see that their labor is continuous,—that it is so distributed that each man keeps steadily to what he does best, and loses as little time as possible in passing from one task to another. Observe the skill, knowledge, and thoughtfulness by which the whole complex business of cultivation is conducted; a skill, knowledge, and thoughtfulness which it would be hopeless to expect from the mere manual laborer himself. And then see this well-devised and continuous industry, aided by animal power, by manures, by implements, and machines, supplying to the task of tillage a power far beyond what the mere manual laborer can command. You need not be surprised to find that the products of the agricultural labor of a nation, so guided and so aided, maintains, besides the laborers, a very large non-agricultural population (more than double the agricultural, in point of fact). And, when you follow this great non-agricultural population to its various occupations, you will see the same scene repeated, with even more striking visible effects; the scattered artizans of other realms collected, here, into workshops and manufactories, the eye of a superior enforcing everywhere steady and continuous labor; knowledge and science imparting to human industry a sovereign power over the material world, and commanding, as its agents, the obedient elements and the mighty mysterious powers which, till they are called forth by man, lie hidden in the chemical constitution of the calm world around us.

When you have surveyed this spectacle of a whole nation applying itself to the task of production with a continuity, skill, and power, which the world has not before witnessed, you will be prepared for the result;—a strength which has enabled it, speck as it is on the face of the globe, to defy the European world as enemies, while it was ruling in Asia an empire of nearly a hundred millions of subjects.

This difference a subject for future inquiry.

Why this has been found possible here and not elsewhere,—what the causes are which have detained other nations in different stages, the majority, indeed, in the earliest development of their productive powers;—which of these causes are to be sought for in their peculiar institutions, or in imperfect and perverted knowledge;—which, in other circumstances;—these are the questions we shall have to deal with hereafter. They are necessarily mixed up with others which will explain the political elements and moral phenomena, the opportunities and chances of happiness and virtue, which characterise each stage of economical growth with every change in the relation and position of the productive classes.

DIVISION OF LABORERS.

Division of laborers into three classes.

The laborers of the world may be divided into three great, though unequal, classes.

1st. Unhired Laborers, who till the ground they occupy as peasant cultivators, and live on self-produced wages.

2nd. Paid Dependants, who are paid out of the revenue or income of their employers.

3rd. Hired Laborers, who are paid out of the capital of their employers.

The first of these divisions, the Unhired Laborers, who are peasant cultivators, is the largest; and comprises probably two-thirds of the laboring population of the globe.

1st. Unhired laborers.

The second class, that of Paid Dependants, comprising all who live on the income or revenue which is directly expended on their subsistence, constitutes an important body in the progress of all nations. It has been so in our own, and continues to be, as we shall see hereafter, over an extensive portion of the surface of the earth.

2nd. Paid dependants.

The third class, the Hired Laborers, who receive their wages out of capital, is, on the whole, probably the least numerous of the three. Certainly, it is very small compared with the first class of unhired laborers. But then, in our country and in that alone, it has gradually become the most important of the three, has almost entirely supplanted the first class of unhired laborers tilling the soil and producing their own wages, and has greatly out-numbered the second class, or that which subsists on the revenue and not on the capital of its employers.

3rd. Hired laborers.

This third class, indeed, of hired laborers, paid from capital, has so exclusively met the eyes and occupied the thoughts of English writers on wages, that it has led them into some serious and very unfortunate mistakes as to the nature, extent, and formation of the

funds out of which the laboring population of the globe is fed; and, as usual, they have misled foreign writers. Those mistakes we shall have occasion to notice more fully hereafter: at present, it will perhaps help to familiarize these divisions of the laboring population to our minds, if we observe them in some English village and its neighbourhood, where they all still exist, though in very different proportions from those in which they are found throughout the rest of the world.

Specimens of all these classes exist in England.

In parts of England and Wales, though the race is fast vanishing, there may be seen specimens of our first division of laborers unhired by any one, occupiers of the soil, tilling it with their own hands and producing their own wages. These represent the great body of agricultural laborers of the world. The English village, especially the remote, retains also specimens of all the various branches of the second great division of laborers—first, the artizan, not in the pay of a master, but plying for jobs among his customers—the tailor who goes from house to house, and makes up the materials which his customers supply. These represent the whole body of artizans of the Eastern world in our days—of all the world in other times. Then come the household servants, the military, the excisemen. These all receive their wages out of revenue, be it private or collected from individuals or the public. And all these classes form, in this country, that large division of laborers, whom I have called Paid Dependants; who are supported, not from a fund which has been accumulated and saved with a view to profit, but by expenditure of income. Including

the whole army and navy in this division, the united numbers of this class about equal those of the heads of agricultural families.

On the importance of this great class, as it exists in certain stages of society, we shall have to dilate when we come to speak of the distribution of wealth, of the sources of wages, and above all, of those transitions in the relation of laborers to their employers which take place during the advance of nations in productive power.

The hired laborers, the farming servants, the journey men mechanics,—the manufacturing operatives, as they desire to be called,—form the bulk of the working classes, in the village as in the town;—the great distinctive phenomenon of our actual economical condition.

Founded on the nature of funds supplying wages.

The threefold division of laborers which I have presented to you is founded, you will observe, entirely on the difference in the nature and formation of the funds which supply their wages. This division is new, and it may be thought, perhaps, at first sight, that the novelty is, at best, uncalled for; that a difference in the sources of their wages hardly justifies our viewing laborers as forming distinct classes for the purposes of economical reasoning. The artizan, who is paid from his employer's income, produces in many cases exactly the same articles as the journeyman who works for a master tradesman. The peasant laborer, who tills the earth as an occupier, produces the same sort of wealth as the hired laborer of the English farmer. It is very true that there are points

of resemblance, and indeed of identity, between the employments of the different classes I have pointed out; but the peculiar office of science is not to be deluded with resemblances, but to trace differences; and we shall find very great differences in the productive power of nations occasioned by the prevalence of one or of the other of the classes I have described.

Essential in reference to Production and Distribution.

Is this doubted? Then, imagine the farming capitalist, as distinct from the laborer, to vanish from England, and let the land be parcelled out amongst the agricultural laborers as peasant occupiers. Empty her manufactories and workshops, and let her non-agricultural population ply in her streets, as in the East, with such implements and resources as a mere workman could command, soliciting employment from the chance customers they may find; would not the nation be at once transformed? would not its productive power have undergone a mighty change? and would not all the elements which now bind together her social system be changed too?

Now, it is the causes and effects of such changes and differences that we are about to trace, when we are detecting, in the relations of the laboring population to their employers, or in the sources of their subsistence, the circumstances which, during the growth of nations, mainly contribute to determine the varied degrees of continuity, skill, and power with which different people have conducted, or do conduct, their common task of producing wealth.

The division will be found not less important or less

convenient when we quit the subject of the *production* of wealth for that of its *distribution;* and have to discuss the causes of fluctuations in the fertility of the sources of wages, or the effect of such fluctuations, taking place under different circumstances, on the movements of population.

It may be remarked that the classification I have proposed is a purely economical one. The members of the same, or of different divisions, may be in a very different position as to their civil rights. They may be freemen or slaves, or in a position which is neither that of perfect freedom nor perfect servitude. This will not alter their economical position—the place they occupy as producers of wealth. If they are slaves, they will be found either to belong to our first class of laborers, that is, to be predial slaves, occupying land and producing their own subsistence—their wages: this is the condition of the Russian serf, as it was once that of great part of the cultivating class throughout Europe: or to our second class, that is, to be domestic slaves maintained out of the revenue of their master—much the most common form of slavery in Asia, where the household of every rich man is usually composed of slaves: or to our third class, that is, to be slaves maintained by the capital of their employer, for the purpose of producing something which he means to exchange and make a profit by. A large proportion of the artizans in Ancient Greece were slaves of this description. Such slaves are to be found now in some of the West Indian islands, where, however, their position is a mixed one, and they are usually, to a

certain extent, predial, that is, though supplied with some necessaries from the capital of their master, they often, though not always, produce a portion of their own food.

It would be interesting, no doubt, to examine how far the production and distribution of wealth have been affected by the legal degradation of the laborers in countries in which slavery has existed on a large scale. but to perform this task efficiently, much learned research into antiquity, and a wide investigation of the more modern nations would be necessary.

Such researches would consume time, which we cannot now bestow upon them. I shall not attempt them, although I may be obliged to give a passing glance at some of the economical effects of the existence of large slave populations.

LECTURE II.

SYLLABUS.

The continuity, skill, and power with which labor is applied dependent partly on human agency and partly on the physical powers it can put in motion—comparison in this respect of the distaff and the modern cotton manufacture—the difference between them referred to the use of capital, which fulfils the conditions that render continuity possible.—Skill also dependent on capital and likewise power.—Two elements of power—force and the mode of applying it—exemplified by a different application of the same force in agriculture, and of locomotive engines on a railroad and a common road—the neglect of this distinction the cause of erroneous estimates regarding productive power.—Few laborers employed in using the greater moving powers of wind, water, and steam; the majority use their muscles only.—In the poorer nations wind and water-mills the only addition to the force of men and animals.—In the progress of civilization, increasing masses of capital increase the efficiency of labor—Division of labor only one of the important results of capital—manifested in two ways: 1st., by separation of employments; 2nd, by division of tasks in the same employment: the former gives rise to barter, which shews itself at an early stage of society, and naturally suggests itself—supposes some capital to exist.—The separation of tasks in the same employment and its consequences well explained by Adam Smith—they require the superintendence of capitalists.—The productive powers of nations limited by the causes that limit the use of capital.

The continuity, etc., of labor dependent on human agency and physical power.

IT was observed in the former lecture that the efficiency of labor depended upon three circumstances: 1. its continuity; 2. the skill employed; 3. the power by which it was aided. This continuity, skill, and power obviously depend, themselves, partly on human agency, and partly on the physical powers which that human agency can put in motion.

If we consider the spinner of former days with her distaff, and follow up her thread till it composes the homespun linen of the household, we may compare the progress of her task with that of the cotton manufacturer. In the one case we have the poor workwoman, with such traditionary skill as she has acquired from the instructions of her family, with no superintendent of her labor to make it more continuous than she likes or wills, and possessing in her distaff an implement which enables her to exercise her bodily strength with a very slight mechanical advantage; less, indeed, than that of the humble spinning-wheel, which, in the cottages of the poor, has displaced the distaff.

The old distaff and modern cotton-spinning compared.

In the cotton mill we shall find human agency directing everywhere the labor of the operatives, enabling them to effect their work by such methods as knowledge and science have discovered, securing continuity of exertion by contracts with workmen, superintended by vigilant taskmasters; while the steam-engine or the water-wheel, by augmenting the force they can use, enable them to produce to an extent which, compared with the feeble aid of the distaff, seems like the exertions of a different order of beings,—and the results correspond. This simple comparison may be extended to an estimate of the power of human labor in all the varied occupations of mankind, and one essential and overruling cause determines that difference throughout them all. That cause we shall presently advert to.

In the meantime, the better to understand the mode of its operation, let us refer to a few more facts. In order that human labour should be continuous in most

of the occupations of life, a preliminary condition must be fulfilled. The producer must be able to retain the commodities produced till some one is able to give him what will suit his needs in exchange for them:—and there must be a body of consumers in a position to advance such an equivalent. But the ability to keep back the products of industry till a purchaser appears, supposes a power of maintaining both laborers and masters till the products are disposed of; and these reserved products, and the advances made to the workmen by their employers previous to the disposal of them, constitute CAPITAL.

The difference between them referred to the use of Capital.

It is Capital, then, or the accumulation of the past results of human labor, which secures the necessary superintendence of labor, and fulfils the conditions on which alone its continuity is possible.

Continuity, skill, and power dependent on it

But if the continuity of labor is practically the result of the employment of Capital in production, the skill with which it is exerted is likewise so. The mind and thought employed in directing human industry, beyond that of the mere manual laborer, is either the mind of the capitalist or that of a skilled laborer paid by him for the purpose. As continuity and skill in the exertion of labor are dependent on the progress of the accumulation of the past results of labor, the third element of efficiency—the power with which it is exerted—is yet more obviously so than the other two.

Power divided into force, and the mode of applying it.

To make our observations on this point rather clearer: human power in the production of commodities is composed of two elements—

force, and the mode of applying it;—the last of which may increase the efficiency of human industry to an indefinite extent, quite independently of any increase in the amount of the force itself. This last element of power—the mode of applying force—may be properly termed *mechanical advantage*. An instance will, perhaps, best explain the difference. The force which the knife-grinder uses in his craft consists of that residing in the muscles of his right hand. The mechanical advantage with which he uses that force is given him by the wheel which he turns by a treadle. If he exercised his force without that advantage his power as a workman would be indefinitely lessened.

And so any degree of force used in production, whether that of the human muscles, of animals, or of water, wind, or steam, will give a power in production which will be greater or less in proportion to the different degrees of mechanical advantage with which it is applied, the amount of force remaining the same.

To begin with the force that resides in the human frame: every tool and implement which enables a man to apply that simple force with different degrees of advantage, adds obviously to his power in producing wealth. The spade, the hoe, the rake, the weapon with which the hunter secures his prey,—all add to the power of our race, while the force employed is still confined to that of the human frame; and when wind, water, or steam—put at the disposal of man—move forces greater than his, still, those forces being given, the mechanical advantage with which they may be applied, the power of production they will give, may vary

indefinitely, according to the ingenuity and skill with which they are used.

Exemplified by a different application of the same force in agriculture—

Take animals, for instance. Let a farmer have four horses of a given strength; once supplied with this amount of moving force, the power which they will exercise in cultivation will depend on the degree of mechanical advantage with which such force will be used. Let one take a common waggon and attach all the four horses to it; and, applied to the same task, let two others employ what are termed Scotch carts with two horses; and it is found that the four horses thus divided can perform much more work. A third farmer may employ one-horse carts of good construction, and then it has been proved that more than double the work may be performed to that which could be accomplished by harnessing all the four horses to one waggon. With the same moving force, therefore, the power used in production is just double in one case to what it is in the other.

The same results are obtained by using ploughs of different construction. Two horses will do as much work with one of the best sort, as four will with one of inferior construction. Even of English ploughs, if we compare the worst of these with some of the feeble ploughs of ruder nations, we shall see how very different is the mechanical advantage with which the same animal force is applied in production in different countries.

and of locomotive engines on a railroad and a common road.

One striking instance of the distinction between moving forces and the mechanical advantage at which they are employed in production, is exhibited by the steam-engine, and the iron rail which is laid down in railways.

A steam engine of any given power may be employed in producing locomotion on either a railroad or a common road;—but the same engine, which would easily draw a load at the rate of fifty miles an hour on a railroad, would not move the same weight at the rate of four miles an hour on a common road.

Whatever the moving force, therefore, may be, whether steam, water, wind, animals, or human muscles, we can have no measure of the power with which it is employed in production, unless we are familiar with the greater or less degree of perfection of the machinery and implements, by the aid of which these powers are put into action. I press this the more, because some of the most eminent persons who have employed themselves in estimating the efficiency of the industry of nations, have contented themselves with comparing the moving force which each exerts, and have altogether left out of their calculation the very different degrees of perfection which the implements and machinery of every description used by the people of different regions and countries, have attained.

The neglect of this distinction the cause of erroneous estimates regarding productive power.

Thus M. Dupin, in comparing the efficiency of the industry of England and France, calculates the motive forces used by each with all the exactness he can—the horses, the water wheels, the windmills, the breadth of canvass used to impel vessels, and finally the steam engines—but he makes no allowance for the very different degrees of mechanical advantage, with which the same amount of moving force may be used in the two countries; for the better machinery of the mills worked by steam,

water, or wind; or the better machines, implements, and tools of all kinds, which animal or human force may set in motion in England.

Our purpose being to compare the different efficiency of the industry of different populations in the production of wealth, and the causes of that difference, we must carefully avoid overlooking any causes which affect the whole bulk of the population.

Moving forces of the higher order,—steam, water, wind—naturally force themselves prominently on the attention of those who are estimating the relative productive powers of nations. Even these forces may be applied, as we have seen, with very different degrees of mechanical advantage, and so, in reality, constitute different amounts of power. But it is in the mechanical advantage by which the simple moving forces of men and animals are aided, that the greatest difference prevails, when we come to measure the relative efficiency of the industry of the entire laboring population of different countries.

Few laborers employed in using the greater moving powers of wind, water, and steam—

It is ordinarily, though not necessarily in all cases, but it is ordinarily only a small portion of the people who are employed in using the greater moving forces of wind, water, and steam. The vast majority of the population use no other moving force than that of their own muscles.

the majority use their muscles only.

We may, if we please, suppose a thousand men, using no power but that of the human muscles, working either at agriculture or handicrafts,—all supplied with the best tools and implements which human ingenuity

has invented; and another thousand men, attempting to work at the same employments, with no other implements than their ten fingers,—and we shall have the two extreme cases. The consideration of them may throw some light on our subject, though neither of them can be exactly observed in practice—certainly not the last; but less than extreme cases will answer our purpose of actual comparison better: we will take one, which the different efficiency of the French and English workmen employed on railroads offers to us, excluding all reference to any other moving force than that of the human muscles.

The known superiority of the English workmen is often put entirely upon the greater mechanical advantage with which they exert the force of their bodies, irrespective of any difference of muscular power, which depends in a great measure upon diet, and is not considerable. In order to calculate the effect of such superiority upon the industry of the two nations, we must remember, that it is not simply in such public works that the superior mechanical advantages of the English are to be seen. There is no art, or craft, or calling, from agriculture and the mere handicrafts upwards, in which (independently of any higher orders of moving force) the exertion of the English laborer is not, in like manner, made more powerful by the possession of better tools and implements; and the extent to which the efficiency of the national industry is augmented by this fact can only be rightly estimated by steadily recollecting that its influence extends to the whole sixteen millions of the laboring population.

But England and France by no means present the best examples of the influence on the productiveness of human industry, of the peculiar difference we are dwelling on.

In these two great countries recourse has been had to the higher orders of moving force to such an extent, that the mere difference of mechanical advantage, with which the human frame exerts itself in production, ceases to be the most prominent, and, perhaps likewise, the most important, element in comparing the efficiency of their industry.

In the poorer nations, wind and water mills the only addition to the force of men and animals.

In the comparatively poor nations, which now exist in modern Europe, a few wind and water mills comprise all the force which is used in production, of any higher order than that of men and animals. If we go back to other days, it was even more universally the case throughout the ancient world. The great Oriental empires of antiquity were those in which almost all the domestic arts had birth, which were the great foundation of the wealth and civilization of mankind: and in them hardly any other moving force was employed in production, than that of men and animals.

But England and France are at the head of the race in productive power. In nations less advanced, the proportion of their moving force, which resides in the arms of the population is very much greater, because their resort to the higher order of moving forces has been very much less: and the means,—mechanical advantage, tools, and implements—by which that force gives power in production, are relatively of more importance in determining the efficiency of national industry.

We have seen, then, that the efficiency of human industry depends on the continuity, skill, and power with which human labor is exerted;— that the one great cause which augments each, as man rises from a savage to a civilized condition, is the application of the results of past labor to augment the effects of actual exertion,—the use of increasing masses of capital. Capital increases with civilization.

It is this which promotes continuity, by fulfilling the conditions on which alone continuous exertion in any employment, except that of producing necessaries, is possible.

It is capital which creates the human agency and superintendence, by which the continuity of labor is perfected, after it has become possible.

It is capital which provides the mind, perfects skill; and which, by providing for the maintenance of men freed from the necessity of mere manual labor, leaves them at liberty to employ their intellect, to facilitate the application of labor to its task.

It is capital which provides the implements and machinery, from the simplest to the most complex, by which all moving forces can be made to produce their greater effect; which can supply forces greater than those of man, and appropriate others, such as wind and water, which nature herself has provided.

I have not here dwelt on the division of labor as the one great sufficient and independent cause of the increasing efficiency of human industry. For, though an important result, it is only one of the many equally important results, of the great predominant cause of the progressive powers of human Division of labor only one result of Capital.

industry, namely, the increasing masses of capital employed in production.

The division of labor is effected: 1. by the separation of employments; 2. by the division of tasks in the same employment.

Manifested in two ways.

The separation of employments takes place in the very earliest stages of human society. Reason and reflexion suggest the exchange of commodities to the rudest savages, when of two among them, each possesses something comparatively useless to himself, and sees in the hands of another something which he wants.

1. Separation of employments.

When the time of the community is wholly occupied in procuring food, barter and exchange are rare among individuals of the same community; but, even then, if such communities are not wholly isolated, some kind of trade usually springs up with strangers.

Thus the wild people of Central Africa have, as we can see, for some thousands of years before our era, exchanged their gold dust, ivory, and, alas! slaves on the eastern coast, with traders from Nubia, Arabia, India, and Phœnicia: and, thus, the wild tribes of North America exchange the peltry and all the products of the chace they do not consume, with American or English traders. But barter and exchange cannot begin without a previous accumulation and use of some capital. The trader must be maintained while he completes his venture; even the hunter or shepherd must have some small stock in weapons and food, before he can acquire wherewithal to trade; and the dawn of barter (the first characteristic of the human race when

it rises above the brute) follows, and in producing and exchanging wealth, is dependent on the results of past labor, that is, on capital.

But it is not until the division of labor has effected the separation of tasks in the same employment, or in producing the same commodity, that it begins to work those marvels which have so forcibly arrested the attention of political economists, and have been so well described by Adam Smith.

2. Separation of tasks in the same employment.

Now these processes, we know, are, in practice, always performed for and under the superintendence of capitalists. They maintain the workmen, they supply the materials, they retain the commodity when produced till a purchaser is found; and if the actual race of capitalists, distinct from the workmen, were destroyed to-morrow, capital sufficient for these purposes must be obtained by the workmen themselves, or the operation would be impossible.

Adam Smith has pointed out, that as the processes gone through in producing any one commodity are separated, the simplicity and distinctness of the several tasks suggest and facilitate the substitution of machinery for human labor. But, if the division of labor itself, made possible by the accumulation of capital, suggests the employment of additional machinery, it is obviously the province of capital to supply that,—whether it be machinery which enlists a higher order of moving forces in aid of human industry, or only such as gives additional mechanical advantages in the application of forces already existing;—whether it provide the steam engine, or, as in the instances Adam Smith gives, only

Its consequences well explained by Smith.

improves the construction of machines which the hands of man are to put in motion.

What I want to make clear is, that the division of labor is only one, and a subordinate, though important, effect of the accumulation of capital in production; and that capital, having produced this result, uses it as an auxiliary to make further progress in its own appointed task, perfect the division of labor, and array it with increasing powers. There can be no objection to considering the division of labor as one of the most important causes of its increasing power; but there are objections to considering it as the exclusive cause, because then we must shut our eyes to others, which, in all stages of the progress of nations, combine most powerfully to affect the productive power of their industry, quite independently of the division of tasks among their laborers.

You will observe that I have no intention of disparaging the effects of the division of labor in the production of wealth. In its simplest form,—in the mere division of employment,—it is the foundation of traffic. It connects different nations, and is a potent cause of the mutual dependence of different classes in the same nations. It lies at the very root of the civilization and progress of our race.

I do not think Smith has at all exaggerated, perhaps even not fully done justice to, the wondrous power which the more complete division of labor developes. But without denying its importance, we may regret that it should have been treated as the exclusive cause of the progress of human power of production. The

formation of the human agency, by which the continuity of labor is secured; the maintenance of the intellect which enlightens its application; the employment of the power which resides either in a higher order of moving forces or in mechanical contrivance,—from the hoe which tills the ground to the machinery of the cotton mill,—all these are contributions of capital to the progress of man's production: and it is the same capital which makes the divisions of human labor possible, by maintaining the workmen in the progress of their task till markets are found for their commodities; and provides the means of carrying the division itself to the last degree of perfection.

Productive power limited by Capital.

I feel justified in asserting, that the one original comprehensive and predominant cause of the power of man in production is the use of the products of past industry, in increasing the efficiency of his natural exertion—in short, the use of capital.

If we wish to trace the causes which limit the productive powers of different nations, we must find out what facilitates or impedes the use of great or small masses of capital among their producing classes, and to make this task more easy, we will proceed to examine what are the sources out of which capital must be formed; the circumstances which are favorable or unfavorable to the employing these sources for its formation; and then the conditions which must be fulfilled, before it becomes possible to employ increasing masses of capital continuously in production.

LECTURE III.

ON THE NATURE AND SOURCES OF CAPITAL.

SYLLABUS.

Capital consists of all commodities that are employed in producing wealth, or that are advanced in maintaining those who do produce it—depends not on what the commodities themselves are, but on the purposes to which they are applied—exemplified in the case of oats given to feed a cart-horse and a hunter: being capital in the former case and revenue in the latter.—Capital depends again partly in the manner of its application—exemplified in the case of the peasant who maintains himself—such maintenance goes through no process of accumulation. Propriety of restricting capital to what has been accumulated and applied to purposes of production.—Production not fully completed until the thing produced is in the hands of the consumer.—The sources of capital are all revenues from which it is possible to make any saving—revenues primarily divided into Rent, Wages, and Profits—derivative incomes also contribute to capital—the capacity to save limited by these revenues.—The power being the same, actual saving depends upon the will.—Different kinds of revenue contribute unequally to the capital of nations at different periods of their economical state—wages contribute most in the early stages of their career, and at all times contribute largely, as evidenced by the Savings' Banks.—Classes above laborers paid by salaries probably contribute more to capital in proportion to their number.—Long interval between the rude state and that which England now presents—during such interval accumulation very small, and chiefly from Rent and Wages.—Mode in which Rent contributes by repairs and improvements of the land—such mode of contribution in England estimated to have doubled the value of its land, and is always going on—in other countries nearly all savings are from these two sources—Russia an instance of this—and her case a general one—these facts inconsistent with the theory that represents Profits as the sole source of accumulation—they account for the slow progress of wealth in those countries.—Where the amount of capital is small, Profits must be small too.—Distinction to be observed between Profits and the additional produce obtained by the use of capital.

BEFORE we look to the sources of Capital, let us say

a few words as to what it is composed of. Capital, then, consists of all such commodities as are employed in producing wealth, or are advanced towards the maintenance of those who produce wealth.

Capital consists of all commodities used with a view to production—

Whether a mass of wealth constitutes capital or revenue does not depend at all upon the nature of the commodities of which that wealth consists, but wholly on the purpose to which and the manner in which they are applied. I possess, for instance, a hundred quarters of oats, and I apply half of them to maintain cart-horses to cultivate my land. This half is capital: I shall receive it back again after a time, or the value of it, and some profit. With the other half I feed hunters. This I expend as revenue: I shall get back neither the value of it in other commodities, nor a profit on it.

depends partly on the purposes to which they are applied—

But further, in making a distinction between capital and revenue, we must attend not merely to the purpose to which commodities are applied, but also to the manner in which they are so applied. An Irish or Continental peasant subsists on food which he has himself produced. It has gone through no operation of saving. It supposes no exertion of abstinence and self-denial,—no director of labor, distinct from the laborer himself. It is very true that the Irishman, while he consumes his stock of food, is employed in reproduction; and, so far, his stock, and the capital which is advanced by capitalists, answer analogous purposes:—but they are analogous only, not the same. He is employed in production, but

and partly on the manner of their application.

employed under very different circumstances. In the latter case, he has an employer. His wages have been saved from revenue. The fund for the maintenance of his class can be increased only as such savings take place.

Restriction of Capital to what is accumulated, and applied to production.

I believe that, in order to preserve a distinction between these two cases, the most convenient mode will be to speak of wages when in the hands of the laborers themselves, as a fund for immediate consumption, and as constituting a part of the revenues of the country; for wages in that stage are as surely revenue as they are capital before they are advanced. If this phraseology is objected to, and if it is contended that the cottier's potatoe-heap is part of the capital of the country, because it maintains productive labor as well as the money advanced by capitalists for that purpose; then, in order to keep steadily before us the differences I have been pointing out, we may divide capital into two parts,—that which consists of wealth which has been saved and is used with a view to profit; and that which has not been saved, and is not used with a view to profit, but only to reproduction.

I prefer confining the term Capital to the wealth which has gone through the process of saving. We must, at any rate, keep the distinction between the two steadily before us. The understanding the economical structure of society among different communities of men, and a knowledge of the causes of their comparative wealth or poverty, depend essentially upon this. The phraseology we use to keep the distinction

clear, provided we use it consistently, is a matter of comparatively small moment.

Capital, then, is something saved from revenue, and employed for the purpose of producing wealth, or with a view to profit.

For our purposes, it will be convenient to adopt a somewhat extended signification of the word Production, and to treat no wealth as fully produced till it has been put into the hands of the person who is to consume it. As far as that person, the consumer, is concerned, the brewer's horses that bring the barrels to his house, are as useful and essential a part of the brewer's capital as any other. Comprising, then, in the word production, all the operations necessary to put a commodity into the hands of the consumer; capital is wealth employed to effect or assist any one of these operations, and includes the wealth of intermediate dealers and carriers by sea or by land, as well as the wealth which puts agriculture or handicraft labor in motion.

Production incomplete till with the consumer.

Capital, then, being something saved from revenue for the purpose of assisting production, the sources of capital consist of all the revenues of the population of every country, from which it is possible that any portion can be saved. Those revenues are primarily divided into Rents, Profits, and Wages (we shall presently show how), and in certain states of society each of these contributes most abundantly to the formation of capital. But we must recollect that it is not only in their primary form of rent, profits, and wages, that the

The sources of Capital are all revenues from which it is possible to save—

revenues of a population contribute to the formation of capital. There are derivative incomes, such as the interest of the National Debt for instance, which contribute to it also; and without going into any examination of the nature and sources of these, it is sufficient to remark that there is no kind of revenue, from the beggar's alms to the Sovereign's Civil List, which may not contribute something to the accumulating capital of the country.

the capacity to save limited by the amount of these revenues—

The capacity to save is, therefore, evidently limited by the extent of the surplus revenues of every branch of the population. If those revenues are on the whole abundant, the national capacity to accumulate capital is great; if, on the other hand, they are scanty, the power of the nation to accumulate capital is proportionably small.

and depends partly on the will.

But the power being given, the will may be very different among different people, and this depends partly on the mode in which the revenues of different countries are distributed, and partly on other circumstances to which we will hereafter advert.

Different kinds of revenue contribute unequally—

But first, as regards the great primary division into wages, rents, and profits; these we shall find contributing in very unequal proportions to the accumulations of nations at different stages of their economical progress. A singular illusion pervades many popular works on this subject, in which profits are treated as the sole source of accumulation, or the only source of sufficient consequence to be adverted to, in calculating the pro-

gress of national capital. In truth, however, profits are never the sole source of accumulation; and what is more, they are the main source of such accumulation only in a few rare instances. To begin with wages. The earliest contributions to capital must be from wages. Man originally possesses nothing but his labor; whatever revenue he procures must be the reward of his personal exertions. The reward of personal exertion is wages, and wages are, therefore, necessarily, the earliest source of accumulation. They are a considerable source of accumulation, in stages of society the very farthest removed from the rudest. The first savings deposited in the Savings' Banks of England, are a proof of this. It is true that the whole amount originally received by them was not, probably, saved from mere wages, but a considerable portion of it undoubtedly was; and the Savings' Banks are far, indeed, from containing all the accumulations of the laboring classes. It would be well if they did, but there is an insuperable aversion to the publicity of their investments, especially among servants, and a perilous disposition, among all classes of laborers, to catch at the prospect of a high rate of interest, which operates as inducements to them to lend a large proportion of their savings to some parts of their family, or to some friend supposed to be thriving and safe.

wages most in the early stages of a nation's career—

evidenced by the deposits in Savings' Banks—

There is also a numerous class, or rather there are numerous classes in England, subsisting on revenues, which are assuredly composed neither of rents nor

profits, and are strictly the wages of labor, but not the wages of mere manual labor. These classes, in proportion to their numbers, contribute much more largely than manual laborers to the annual accumulation. They comprise lawyers, medical men, a part of the Church, the officers of the army and navy, artists, clerks in the higher class of offices public and private, shopmen, skilled laborers, and every class of professional men whose income is derived from a salary. If we add the savings of all these to the amount indicated by the deposits in the Savings' Banks, we may be quite sure that, independently of all accumulations from rents and profits, the annual accumulations from wages and salaries in England not only equal but considerably exceed the whole amount of accumulation of some other nations,—Russians or Poles, for instance.

salaried classes contribute more in proportion.

But, between the first rude periods,—during which the accumulations of uncivilized communities supply them, from generation to generation, with little more than weapons with which to pursue their prey,—and the state of things now presented by England,—in which the accumulation of the laboring class alone constitute large annual additions to the existing mass of capital, and in which accumulations from profits come also into play,—there exists a long and dreary interval, which very few, indeed, of the nations of the globe have overpassed, and during which very scanty accumulations from wages are eked out by accumulations from rent; and out of the two together is formed almost the entire mass of capital by which

Long interval between the rude state and the present condition of England—

during such interval, accumulation is small and chiefly from rent and wages.

the industry of nations is aided in its task of production.

To understand this state of things, we must first take a general view of the peculiar manner in which the rent of land ordinarily contributes its essential and indeed vital portion of the accumulated capital of nations. In a country like our own, this contribution almost escapes a superficial glance. A large sum of money is here annually reserved from rents, to make what are called landlords' improvements. The receiver of rents, on all considerable estates, has a special column for moneys reserved for repairs and improvements, and the sum actually received by the proprietor is usually less than what he has contracted to receive.

Rent contributes to capital by improvements in land,—

It is in this manner that the income of the proprietor,—sometimes intercepted before it reaches him, sometimes deliberately advanced,—has effected the greater part of those improvements, (such as buildings, drains, and fences), which make the cultivated land of England so valuable. It is generally supposed that half the value of its land is derived from this expenditure, and if this be so, a sum little short of three hundred millions must have been accumulated principally from the owners' rent, and invested in this manner. The landed proprietors of England are adding to this sum, perhaps, more rapidly now than at any former period of our history.

such mode of contribution estimated to have doubled the value of land in England,—

But I have already observed that it is not in the very advanced and wealthy state of society to which England has attained, that the importance of the

accumulations, either from wages or from rent, relatively to all other savings, can be estimated. Over by far the larger portion of the globe they are, however, almost the only savings by which the national industry is assisted in its task.

elsewhere all savings are from these sources.

Let us take Russia for one instance. The Russian population may be separated into four divisions. About one-twentieth is employed in other occupations than that of agriculture. Of the other nineteen-twentieths, nearly one-half are serfs on the Crown estates; the other half are serfs on the estates of individuals. The serfs on the Crown estates were, till lately, a very poor peasantry, earning their living by manual labor on the land. Regulations have been made favorable to the protection of their industry, and they are gradually acquiring wealth. But the great majority of them are still manual laborers; their main revenue consists of the wages of their labor, and it is from that revenue that those additions to their capital are now being made, which form one of the most important features in the progress of Russian industry. The time seems approaching when they will have accumulated stock, from the profits of which some fresh additions may be made to the national capital. At present, I repeat that it is the wages of their manual labor which form the main fund from which they can accumulate.

Russia an instance.

Another half, perhaps rather more than half, of its agricultural population are serfs on the estates of the nobles. These men work for three days in the week on the estates of their owners. Their wages

consist of the produce they earn from about half the estate of their lord, which is divided among them in lots of about eight acres to a family. They are subject to very heavy taxation from the Crown, and are in a state of political, social, and economical depression, which, at first sight, would make it appear highly improbable that their savings could contribute anything to the national capital; and yet, facts show that this is not exactly the case. The condition of the serfs of the Crown is in many respects superior to the condition of those on private estates, especially as they do not work for the Crown, which holds no part of its demesnes in its own hands. The Crown serfs labor on certain conditions wholly for themselves. Now so strong is the desire of the serfs on private estates to assume the character of Crown serfs, that they occasionally offer to the Crown money sufficient to purchase the estate on which they and their families exist, in order to get rid of their lords, and obtain the terms which the Crown makes with its peasants.

The large portion of Russian laborers, therefore, (miserable as their condition is) must have the means of making some accumulations, which, slender as is the amount, and slow as is the advance of capital in that great empire, must assuredly not be neglected when we are enumerating the sources out of which the national capital is formed.

But of the cultivated portion, the one-half is tilled by serfs on account of their lords, who are its real owners; and on this half what would elsewhere be called the tenant's capital is advanced by the landowner.

It is, indeed, not only advanced, but likewise maintained, and increased, whenever an increase takes place, wholly out of their revenue.

As far, then, as the labor of nineteen-twentieths of the Russian population is concerned, the capital which aids its exertions (the implements, the seed, the animals employed), is accumulated principally, and almost exclusively, from the revenues of the landowners and from the wages of the serfs, who, either on the Crown estates or on those of individuals, cultivate the soil with their hands.

The case of Russia a general one.

Now the case of Russia is, in this respect, that of by far the greater part of the world. In India, in Asia, and throughout the continent of Europe, with some slight exceptions, the largest portion of the population—not nineteen-twentieths as in Russia, but still a very large proportion—are employed in agriculture. The laborers produce their revenue from the soil by the labor of their own hands, and the earth yields also a further revenue, which constitutes the income of the landowner, in the shape of rent. It is out of these two classes, in different proportions in different countries, as we shall hereafter see, that those slender accumulations of stock and capital are made which aid the industry of the agriculturists. These agriculturists, for reasons which we shall explain, are necessarily, under such circumstances, the great bulk of the people; and the formation of the national capital rests with these two classes, who must resort almost exclusively to the wages of their labor or to their rent in order to its accumulation.

This fact is altogether inconsistent with those theories which assume the profits of stock to be the sole source of capital; and it is not merely a theoretical error, but an important practical mistake, we are pointing out, when observing this. Profits never the sole source of accumulation—

If we seek the causes of the slow accumulation of capital in some nations,—the sameness of their productive processes—the feebleness of their agriculture—the smallness of their non-agricultural classes—and the stagnation as to their wealth and numbers throughout a long succession of generations—we shall find at the bottom of these phenomena the fact we have been commenting on,—namely, that the national capital is kept up, and slowly and sparingly fed, not out of the profits of stock and out of the revenues of a distinct class of men derived exclusively from stock, but out of the wages and the rents of those who contribute laboriously and reluctantly those portions of wealth without which the rude industry of the country could not be carried on, and the use of which is therefore essential to the reproduction of those simple and primeval revenues, on which the bulk of the population must subsist before they can accumulate.

The accumulated stock, which men use to aid their labor, is always small in amount in the ruder stages of society, and the amount of the revenue of the community which can be treated as the profit of that stock, is consequently small too. accumulation small when capital is small.

We must, both here and elsewhere, carefully distinguish two things, which beginners on this subject are very apt to confound, namely, Distinction between profits and additional produce.

the profits on capital, and the additional produce obtained by the use of capital: for the last, the additional produce, may be exceedingly great when the profits, even though large in proportion to the amount of capital employed, are small, because the amount of capital is small too.

Suppose a man, who had only his ten fingers to rely on, to be put into possession of a spade: the amount of produce he would be able to procure would be greatly increased by it; but if he had to pay all the profits made on the spade to a third person, he would ask, What would it cost me to make it myself? or, perhaps, What would it cost another neighbor to make it who is ready to supply me? and he would limit the profit he allowed, to the owner of the spade, to something not worth more than the time he himself or a neighbor must expend in making it. The profits of stock are limited by the cost of producing the capital; within that limit they may vary, but they cannot go beyond it. When the capital, therefore, used in a country is very small in amount, and of a very rude description, costing very little to produce it, the amount of wealth annually set apart as a remuneration for the use of that capital is always small too. Now this is invariably the case in countries principally agricultural, where the task of cultivation is committed to a laboring peasantry; and yet, though the amount of profits in such countries may be small, there may be an amount of other revenues, in the shape of wages and rent, which present much more abundant means of

accumulation, if favorable circumstances should lead to it.

Now in this earlier state of society it is, that by very far the largest portion of the agricultural nations are found, comprising the whole of Asia and the greater part of continental Europe. A few spots there are, and Great Britain is the largest and most prominent, in which the quantity of capital is so great and valuable, that the profits on it—the revenues of its owners—far exceed those of all other classes of the community united. The conditions which must be fulfilled in order to make a change from the former of these states of society to the latter possible, and its effects on national production and wealth, we shall notice hereafter. At present let us revert to the earlier state of society, that which, in past ages as in the present, has been the condition of the most extensive regions of the earth,—of its greatest empires, and of the majority of the human race.

Russia affords us an example—it is almost at one extreme of the scale—through which we shall hereafter trace other nations.

LECTURE IV.

ON PROFITS AS A SOURCE OF ACCUMULATION.

SYLLABUS.

Where Capital is scanty, the national revenues are dependent chiefly on manual labor—the case otherwise where Capital is large and profits contribute to accumulation—in this respect England stands in contrast with Russia.—Capital employed in production increases mercantile capital.—Error of supposing that profits contribute to capital in proportion to their rate—this contrary to fact, as they contribute in proportion to their mass.—Indefinite power of accumulation arising from increased profits.—The accumulation of capital always limited by the extent of the sources whence it is derived—recapitulation of these sources.—Causes which encourage or discourage accumulation divided into: 1. differences of disposition of nations; 2. greater or less security of property, including disadvantages arising from violence, bad political institutions, and vicious fiscal systems; 3. prospect of enjoying the future results of labor.—Under favorable circumstances the smallest revenues may contribute to capital, even those of the Russian serf and Negro slave; 4. the power of changing condition an incentive to saving—and is itself facilitated by such saving—England a proof of this—its capital widely spread—accumulation sometimes too rapid—conditions essential to its progress—more labor requires more capital—the same labor may likewise absorb more capital, as in agriculture.—The replacement of outgoings with some profit essential to increase of capital.

We have been surveying nations of which the wealth is produced by the use of very small portions of capital.

Where capital is scanty the national revenues depend on manual labor.

Their primitive revenues depend mainly on the manual labor of the population, and on the productive powers of the soil, and are accordingly divided between the laborers and the owners of the land, in calculating whose respective

incomes, we must make some allowance for the profits of the small pittance of capital employed in agriculture.

In estimating, however, the powers of the profits of stock as a revenue from which additions can be made to the capital of nations, we must look to a very different state of things.

the case different where profits contribute to accumulation—

The progress of society on some few and small points of the globe, has shewn that it is possible to accumulate the results of past labor, and to employ them profitably in production, to an extent indefinitely greater than could have been calculated on, if we were familiar only with those forms of society which prevail among the majority of mankind.

In England, the profits of stock approach, if they do not equal or exceed, the revenues derived from wages and rent together; and there can be little doubt that, in proportion to their amount, they are a more fertile source of accumulation. By returns gathered from various sources and calculations based upon them, it would appear that the amount of stock in England at the present period is not less than from twelve to fifteen hundred millions. Profit on this at ten per cent. would be one hundred and twenty or one hundred and fifty millions. But the rents and wages of England are supposed not to exceed one hundred and ninety-six millions.

England an instance of this.

In England, likewise, two-thirds of the laboring population are non-agriculturists. They are, with the exception of a very minute fraction, in the pay of capitalists, and their labor is aided by that vast mass of machinery and implements of all descriptions, which distinguish the manufactures and workshops of England.

In Russia, on the other hand, the agricultural capital is small in amount, as well as rude in form. The cause of this is, that it is accumulated either by peasant laborers or landowners, two classes extremely unlikely to swell its amount beyond what is necessary to carry on cultivation in its present imperfect state.

But the agricultural laborers in England—and throughout England alone of all the great European countries—are employed by capitalists, who aid their labor by an amount of accumulated wealth equal, probably at least, to one-third the value of the land, and yielding a revenue equal to more than half the rents of the country.[1]

Productive capital increases mercantile capital.

But these great masses of capital employed in production lead invariably to the creation of a very large mass of trading and mercantile capital. The products of the labor of the population increase, as we shall presently see, not merely in the same proportion as the increasing masses of capital employed to aid labor, but in a very much greater proportion; and the quantity of capital employed in exchanging, circulating, and carrying this huge mass of commodities to their final consumers, is necessarily large, in proportion to the enlargement of the productive powers of the national industry. Looking, then, at the very different amounts of capital employed in the simpler and in the wealthier forms of society, there is no reason to be surprised

[1] The farmers reckon that they ought to make a rent for themselves, as well as one for the landlord. Under the old Property Tax Act, the income of the farmer was calculated at two-thirds the rent of the landlord. Under the present Act, the income of the farmers is calculated at half the rent of the landlords. None of these calculations are, perhaps, precisely correct. Combined, they are fully sufficient to warrant the assertion in the text.

that the accumulations from profits should be very small in the one case and very large in the other.

But there is one very common error on the subject of profits as a source of capital, which we must get rid of before we can estimate their probable contributions. Those who have confined themselves to profits alone as a source of accumulation, and have neglected all others, have imagined and taught that the national power of accumulating from profits is dependent on the rate of profit,—that it is great when the rate of profit is high, and becomes less when the rate of profit declines. This is not only untrue, but it is the direct reverse of the truth. Countries in which the rate of profit is low have always, in practice, a greater mass of profits to save from, than those in which it is high. A glance at the nations of Europe would suffice to prove this truth. If a high rate of profit indicated a great relative power to accumulate, Poland and Russia ought to be accumulating—or to have a power of accumulating—from profits, faster than Holland or England.

Error respecting profits as a source of capital—

lies in supposing that accumulation depends on their rate—

this supposition contrary to fact—

The relative power of two countries to accumulate from profits depends, however, on the *mass* of profits realized in each, and not on the *rate* of profit in each, or the relation which the profits bear to the capital actually employed. For instance, if one people employs one million of capital at twelve per cent., its profits will amount to a hundred and twenty thousand pounds. If its neighbour employs six millions at ten per cent., its profits will be six hundred thousand pounds. It is

the power of accumulation from profits depends on their mass, and not on their rate.

clear that—the two populations being of equal size—the accumulations in the nation which has a revenue of six hundred thousand pounds from profits at the lower rate of ten per cent., may be very much greater than the accumulations from profits can possibly be in the other nation, which has only an income of one hundred and twenty thousand pounds from profits at the higher rate of twelve per cent.

The fact is, that in all rich nations where larger and larger masses of capital are gradually introduced to aid the task of production, the rate of profit—the proportion which the revenue of the owners of stock bears to the amount of capital they employ—diminishes from causes which we shall hereafter explain; but the mass of profits—the proportion which the revenue derived from the capital employed bears to the population and to the revenues of every other description—keeps at the same time increasing.

The power of accumulating from profits necessarily increases too, and that, not in proportion to the increased revenue from profits, but in an indefinitely greater proportion. For instance, let us suppose that the nation which has an income of one hundred and twenty thousand pounds from profits can put by twenty thousand pounds as capital: a population of like size, which has an increase of six hundred thousand pounds from profits, can obviously accumulate not merely five times the capital, or one hundred thousand pounds, but has the abstract power of accumulating annually five hundred thousand pounds, or fifty times the amount of the savings of the poorer nation with the higher rate of profit.

Indefinite power of increase from increased profits.

I do not advance this fact with a view of intimating that their annual accumulations will necessarily differ to such an extent, but only to show the absurdity of assuming that a decreasing rate of profit is necessarily accompanied by a diminishing power of accumulating capital from profits. All the importance of this error may not now be seen, but it will meet us again when we are treating of the division of wealth and of the progress of population; and then the unfortunate influence of the mistake on large and ingenious trains of modern speculation will display themselves to us, without much effort.

Accumulation limited by the extent of the sources of capital—

Of the three points connected with the progress of capital in aiding human industry, which I proposed to discuss, we have gone through only one, namely, the sources of capital, the extent of which limits, of course, the power to accumulate. We have seen that at early stages of the progress of nations, the wages of labor and the rent of land are necessarily the main sources of accumulation; because the quantity of stock employed at such stages in aiding human industry is small, and the revenues of society consist almost wholly of the wages of labor and of the rent of land. We have further seen, that as more capital is employed to aid human labor, the revenues of a distinct class of men—the owners of capital—become a more and more important source of accumulation, till, at last, they may equal or surpass the revenues of all the other classes of society, and become, not only a distinct source, but the most abundant source of the accumulation of capital; and this in spite of the rate of

recapitulation of these sources.

profit diminishing progressively up to any reasonable limit.

Causes which encourage or discourage accumulation—

We have now to examine the causes which, the revenues of a population, or their sources of accumulation, being given, either stimulate and make easy, or discourage and make difficult, the progress of accumulation.

different dispositions in different nations—

The first circumstance which would occur to many is a difference of temperament and disposition. A million of Dutchmen, with equal means and under the same circumstances, would, it may be said, save more than the same number of Irishmen. I will not venture to say that there is nothing in this, though I believe there is very little. Still, if it be argued that, to save, there must be a denial of some present enjoyment, and that some men are less capable of this restraining effort than others; to a limited extent this may be true: but great bodies of men are very much the creatures of circumstances, and of the education which those circumstances give. I believe that any one of the causes which I am about to enumerate, would more seriously affect the relative rate of accumulation between any two countries, than any original differences of race or disposition.

security of property—

The most important of these is security of property. A want of security would stop the progress of accumulation under any circumstances. By 'security' is, of course, meant, protection from the violence of individuals, and from the rapacity of governments, direct or indirect. The necessity of security is a truism; but, when we come to examine the political economy of nations, we shall find

the absence of it is now, and always has been, a more prevailing cause of stagnation in the state of their capital and industry, than, at first sight, would seem probable.

The security of persons and property is the common end of all civil government; and, although a despotic power is often deliberately given to the government itself, it is always with a distinct understanding, that the subject is to receive justice in return, and protection from all demands other than those of the government itself. All other states of society than this must be considered as anomalous and transitory. Yet governments, however nominally strong, are not always able to perform this part of their functions. It is impossible to read the history of the feudal times in Europe, without seeing how completely the lawless violence of the Feudal Barons must have made the security of the cultivators, who constituted the great majority of the producing classes of the country, precarious: and those who are acquainted with the system which then prevailed, are aware that it was an expedient adopted to replace the prevalence of yet greater violence, occasioned by the growing feebleness of the forms of Teutonic government, which the invaders of the Roman Empire had brought from their forests.

Sometimes this injustice between subjects becomes sanctioned and interwoven with the laws of rude countries. It was necessary, not very long since, to pass a law in Scotland, to provide that the property of tenants should not be seized by the creditors of noblemen to a greater amount than rent was due. Before this law was passed, the whole property of

the cultivator was liable to be seized for his landlord's debts.

disadvantages arising from violence—

In Turkey generally, and in Asia Minor in particular, the feebleness of the Government makes all property precarious which cannot be defended by the arm of the owner. But unjust and unequal laws, encouraging direct spoliation of property, are rare and anomalous cases, which society always makes efforts to get rid of, and which could not last long. The insecurity of property, which results from political institutions and makes the government itself the wrong-doer, is a more lasting and extensive source of mischief. In purely despotic governments, masses of property which meet the eye are never safe, and, therefore, rarely exist; and over what constituted more than half the civilized world, and still constitutes a very large proportion of it,—*that is*, throughout Asia,—this source of insecurity has never ceased to be in action.

and from bad political institutions—

and from vicious fiscal systems—

But in governments of a more moderate character, nearly the same effects have been unconsciously produced by vicious fiscal systems. In France, before the Revolution, out of a population of twenty-four millions, twenty millions were connected with the soil, a very large proportion of whom were subjected to a heavy tax, levied in proportion to their apparent property, and which those who were solvent were obliged to pay, if the government officers could not levy it from all. In the greater part of continental Europe similar taxes prevailed. The bulk of the population had not that security for their increasing wealth which is the first and simplest condition of its

accumulation. When such systems prevail, it is not always easy to get rid of them, even when their mischievous effects become known and recognized.

But, to better their condition by accumulating, those who accumulate must not merely have security that what they save shall not be unjustly taken from them, but the prospect of being able to use it so as to increase their means of enjoyment; and the nearer that prospect is, the greater stimulant, of course, it proves.

prospect of future enjoyment.

Security being given and the means of profitable employment being at hand, there is no revenue so humble that it may not be seen contributing, more or less, to the mass of the national capital. The Savings' Banks established throughout Europe prove this sufficiently; but there are other striking proofs at hand. The serfs on the estates of a Russian noble, since they have been enticed by the prospect of making themselves serfs of the Crown and becoming freed from forced labor, have been known to save enough to purchase for themselves and their families, not only the estate on which they are located, but, likewise, the most valuable part of the stock on it. Even the black Slaves, in those islands of the West Indies in which they were allowed to purchase their liberty by savings from their *peculium*, showed that the humblest of all revenues might, under the influence of such prospects, contribute at no despicable rate to the progress of the capital of the country.

Under favorable circumstances, the smallest revenues may contribute to capital—

the Russian serf can save—

and the negro slave also.

The next influential circumstance which affects the

progress of accumulation is the facility of changing condition. We are so accustomed to see persons rising from the lower to some of the intermediate, and even to the highest, positions in society; and to observe our whole swarming population in motion for this purpose, that, perhaps, it seldom occurs to us, taking the world throughout, how rare a phenomenon this is.

Power of changing condition an incentive to saving—

The economical machinery and positive institutions of the majority of the nations of the world are equally opposed to this. Of a population, of which four-fifths are peasants, differing, perhaps, in race, certainly in supposed ties of blood, from the remaining fifth,—how small a proportion can move from the position in which their fortune first places them. Yet this was the condition of Europe during the whole of the Middle Ages. The Church was the only channel of advance for plebeians, a state of things clearly shewing that there was scarcely any personal wealth or capital in those days.

But, putting positive institutions and prejudices of blood or caste out of the question, we shall find that the accumulation of capital itself is the great means of forming those steps in society, by which a considerable portion of the people may hope to change their condition for the better. Survey England, for instance. We have stated that a mass of capital has been accumulated to aid her industry, the revenues derived from which do not fall far short of those of all the other classes of society united. We shall see, hereafter, that one consequence of this has been to augment considerably

the increase of capital increases the facility of changing—

England a proof of this—

the revenues of every other class. At present, let us confine our view to the revenues and position of the owners of capital alone.

its capital widely spread—

So great a mass of capital is always, of course, in the hands of a numerous body. They constitute a large portion of the social machine, and are found at every possible degree of elevation in the distance which separates the very highest from the lowest classes. Every man who can save a few pounds has in view some occupation, in which they will enable him to better his condition and augment his income; and when those few pounds become thousands the case is not altered,—some better station his augmented means enable him to approach; till the princely merchant or manufacturer stands all but on a level with the foremost of the aristocracy. A mass of owners of capital, possessed of revenues like those of England, offer in their body places for a large proportion of the population, if among the changes which are taking place in every direction, the aspirant can save as much wealth as will enable him to fill one of the niches, which capitalists are occupying in the great structure of national exertion.

accumulation sometimes too rapid.

Facilities of investment, then, and the means of advancing in life, are equally promoted by the progressive swell of the march of national accumulation; and accumulation, itself the effect of favorable circumstances, becomes, in its turn, a cause, and creates fresh stimulants and multiplied facilities, which accelerate and almost ensure the continuous progress of the capital of favored nations; and that

too, as we shall see, sometimes at a rate inconveniently rapid.

The progress of wealth favorable to civil liberty.

I hardly need point out, that with such a progress, the continuance of political and social obstacles to the energetic attempts of the people to improve and advance is all but an impossibility. The owners of such a mass of wealth, the employers of such a mass of the population, cannot be a degraded or oppressed class. We can hardly conceive their upward progress to begin, without the establishment of civil liberty and equality in the eyes of the law. We may be sure that it would not long continue to exist without establishing them.

Conditions essential to accumulation.

There are, however, certain conditions which must be fulfilled, when fresh masses of capital are employed in production.

More labor requires more capital.

While explaining this part of the subject, I must premise that I shall suppose the population to be stationary. When population is increasing, a certain quantity of additional capital may be, of course, employed in aiding the labor of the additional numbers. If, for instance, England has now three times the amount of laboring population which existed at a former period of her history; then, supposing the labor of each individual to be assisted only by the same amount of capital, the capital that must have been accumulated during the interval must be twice as great in amount as that which then existed.

There is another mode, too, in which increasing masses of capital may be employed, which I shall name only to dismiss it. Where it has been found

profitable to employ additional capital in any occupation, the whole of the population engaged in that occupation are often assisted by such additional capital by very slow degrees. This is remarkably the case in agriculture. At the present moment, ten pounds an acre is employed as tenant's capital in farming a part of the lands of England. A century at least, will probably elapse, before all the lands of England, of the same description, are farmed with the same amount of tenant's capital. So also in many non-agricultural occupations. The workshops in country districts are much less assisted by capital than in the large towns. A long period will probably elapse, before the whole quantity of capital, which we know from experience can be profitably employed in such occupations, is extended to all engaged in them.

the same quantity of labor, also, may absorb more capital—

as occurs sometimes in agriculture.

But the accumulation of capital I am about to treat of, is an accumulation for entirely different purposes than those, either of employing additional numbers, or of supplying all those employed with the greatest quantity which it is known can be profitably used in their particular branch of industry.

With the prosperous growth of wealth, means are perpetually discovered of aiding the labors of the population by larger masses of capital than it was before known they could profitably employ; but the introduction and continuous employment of such additional masses can only take place on the fulfilment of certain conditions,—which I am about to explain,—and is ordinarily attended by certain consequences, which I will endeavour to point out to you.

necessary conditions of such increase of capital—

the replacement of outgoings and a profitable return.

Whenever capital is employed, the capitalist must have a reasonable hope that it will be returned to him with an addition,—first, to cover any damage or loss it may have sustained from wear and tear; and secondly, to yield some profit. If capital is continuously employed in any one occupation, we may be quite sure that these conditions are usually fulfilled. If the wear and tear of capital were not replaced, the capitalist would be ruined by employing it; and if it yielded him no profit he would have no motive to employ it in production.

LECTURE V.

ON THE TWO KINDS OF CAPITAL.

SYLLABUS.

Distinction of Capital into two kinds—the one maintaining, the other aiding, productive labor—the use of the latter, or auxiliary capital, natural to man,—but not the use of the former, or that employed to maintain labor, and which has been saved for that express purpose—the laborers supported by such accumulated fund comparatively few in number—difference regarding the reproduction of the two funds occasioned by the difference of their durability—auxiliary capital may increase when other capital cannot—the capital employed to maintain labor is the last resorted to in the progress of wealth—its indirect greater than its direct effects—the latter arise from capitalists being a distinct body—and are attributable to their superintendance—comparison of labor with, and without such superintendance—the indirect effects are greater skill, better combination, and more powerful aids.—Independent capitalists must be preliminary to large accumulations. —The larger mass of laborers not employed by others.—Auxiliary capital not limited, like that advanced in wages—conditions of its increase: 1. must return its own wear and tear with a profit; 2. must appear in a new form, as instanced by the substitution of steam for water power; or, 3. must make a better application of known forces, as instanced in the case of our modern railways—such improvements offer the greatest scope to accumulation—they are imperfectly carried out everywhere—even in our own country.

Distinction of capital into two kinds, the one maintaining, the other aiding, labor.

At this stage of our inquiry, it will be convenient to divide the capital employed in production into two distinct masses,—namely, that which is used in supporting and paying laborers, and that which is employed in adding to the efficiency of their labor. We will call the first *supporting* or *sustaining* capital, and to the second we will give the name of *auxiliary* capital. No human society has

ever been found in so low a condition as not to have saved and employed some portion of auxiliary capital.

The use of auxiliary capital natural to man—

To accumulate and use the results of past labor in order to augment the power of actual exertion, is at once a prerogative and a characteristic of the human race, and we have as complete an exemplification of it in the bow and lance of the savage as in the steam-engine. But the accumulations made with a view to profit and to support laborers while at work for their paymaster, are by no means a necessary characteristic of human society; and will be found, on analysis, to prevail only in particular countries, and in the great majority of those countries only in particular occupations.

not so the maintenance of productive laborers—

It is true that the laborers must be supported, whether by the advance of funds from other parties or otherwise; and if we choose to call the portion of wealth, on which they subsist, *capital*, to whomsoever it may originally belong, or through whatever channel it reaches the laborer's hands, I have already explained that such a use of the word must drive us to find another name for that which is appropriated to production, and which has gone through a process of saving or is used with a view to profit. This latter is the only portion of the labor-fund, on which I wish at present to fix your attention. The importance of keeping it in our minds and reasoning, distinct from all other funds for the maintenance of labor, will be sufficiently apparent as we proceed.

and which has been saved for that purpose—

I repeat then, that, used in the sense I have

explained, capital is not a fund used for the maintenance of any large proportion of the laborers of the world. Ninety-nine in a hundred of the agricultural laborers of our race are maintained from funds entirely different in their origin, and varying—increasing or decreasing—according to entirely different laws, which it will soon be our task to trace.

the laborers supported by this accumulated fund comparatively few in numbers—

The capital which is advanced for the sustenance of labor differs in one very important particular from that which is used as auxiliary capital. It must all be reproduced in the same, or nearly in the same time, in which it is consumed by the laborer. If an additional laborer is employed on a farm, his wages must all be reproduced in the year with a profit. If he is employed for a year in any handicraft or manufacture, the value of what he produces, while he is consuming his wages, must be equal to the value of those wages and to some profit on their amount.

difference as to the reproduction of these two funds—

The case is wholly different with auxiliary capital. Some of that may last fifty years; and if any profit is made on it, it is enough if the laborer who is aided by it, reproduces it, or the value of it, in fifty years.

The ease or difficulty with which capital is reproduced is very much affected by the time of its duration. If I employ a ploughman at wages of thirty pounds for a year, he must produce me thirty pounds in the year with a profit on it,—suppose 10 per cent., which will be thirty-three pounds. If I employ thirty pounds in purchasing implements

occasioned by the difference of their durability.

which will last twenty years, it is enough if they produce me one-twentieth part of the thirty pounds every year and the profit on it, which, at 10 per cent., would be together four pounds, ten shillings. Auxiliary capital may, therefore, go on increasing and accumulating from century to century in occupations in which it would be impossible to employ more human labor with any chance of reproducing, annually, the whole capital employed to sustain it with a profit. It is the accumulation of auxiliary capital, relatively to population, that we have mainly to observe when tracing the progressive wealth of nations.

Auxiliary capital may increase when other capital cannot.

In the meanwhile, it would be wrong to pass over the accumulation of that capital which is employed by its owner in the sustentation of labor, as an unimportant step in the industry of nations. It is one of the most important; and, paradoxical as it may appear to superficial observers, it is one of the last and most rare steps that the owners take. Its direct effects are considerable; its indirect effects are, beyond all measure, more considerable: a glance at human society, as constituted in different countries, will show these facts. The establishment of capitalists, as paymasters of labor, is the condition on which alone, after the separation of employments, the labor in any occupation can be continuous. If the workman is to proceed with his work continuously and undisturbed, he must not be obliged to wait till a customer appears for the produce of his labor. It is the capital of his master and employer which supplies the means

The capital which maintains labor, the last resorted to in the progress of wealth—

its indirect greater than its direct effects—

the direct effects arise from capitalists being a distinct body—

of storing up the products of labor till they are wanted, or, in other words, of waiting for a market. But the same step in the national industry which makes the continuous labor of the workman profitable, augments the steadiness of exertion by the agency of the new class of superintendents which it at once and necessarily creates. The capitalist who is to make his profit by receiving and exchanging, has a distinct interest in watching and using the steady and continuous exertion of the laborers he feeds.

In order to calculate the extent of the advantages derived from the human agency thus provided, for the purpose of making that continuous exertion more perfect and certain, we may compare the habits and efficiency of two bodies of laborers placed under different circumstances. Thus, two English are more efficient than six Russian, or than four Irish laborers. I know of no cause but the difference of their habits to which this can be attributed, and no cause for the difference of habits but the presence of a class of employers constantly superintending the labor of the men in the one case, and the absence of such a class in the other. If we estimate the labor of men employed by capitalists to be twice as efficient as that of men not so superintended, we shall fall greatly within the mark. The labor of fifty millions of Russian peasants cultivates not more than sixteen acres to each family. The labor of each English agricultural family cultivates more than fifty acres to each family. There can be no doubt but that the desultory habits of the one, and the superintended and continuous labor of the other, are sufficient to

and are attributable to their superintendence.

Comparison of labor with and without superintendence.

account for the greater part of the difference, after making every fair allowance for the better implements and more powerful animals used by the Englishmen.

But the indirect effects of the establishment of a body of men, distinct from laborers, or from landlords advancing them their wages, and profiting by the possession or exchange of the products of their labor, are much greater than the direct effects. The labor employed becomes at once not merely more continuous, but more skilful. Those combinations of human reason which show how, in any branch of industry, a desired effect may, with given means, be the most advantageously produced, are beyond the powers and the degree of leisure and thought of those who belong to the class of manual laborers. The science of production, when left in such hands, as it is throughout the greater part of the earth, lingers in a loose stage compared with that which we see it attain when there is a distinct class at the head of the task, whose interest, whose position, and whose means enable them to be the efficient guides and instructors of those whom they maintain and employ.

The indirect effects are greater skill and better combinations—

But the existence of such a distinct class of capitalists is even yet more essential to the progress of industry by the progressive power they are able to apply in aid of human efforts; when manual laborers are themselves the only directors of their own industry, their resources beyond their wages can be but small. Masses of capital cannot be employed to assist an industry which remains entirely in the hands of the laboring class. The possession of such property,

and more powerful aids.

and the position of day-laborers, are two inconsistent things. As a preliminary, then, to the accumulation of increasing masses of capital, a wages-paying class of men invariably makes its appearance; and until that essential preliminary step has been taken, any great increase in the mass of auxiliary capital could never take place at all. Let me repeat, that not one-fiftieth part of the laboring portion of the human race is in the employ of capitalists. The causes of this fact will display themselves when we come to analyze the circumstances which determine the economical position of different groups of nations. In the meanwhile it serves to explain the comparatively small number of the human race, among whom the greatest yet known power of man is developed.

Independent capitalists must be preliminary to large accumulations.

The large mass of laborers not employed by others.

At present we may turn to the task of examining under what circumstances auxiliary capital may increase relatively to the number and subsistence of the population, and, so increasing, may be continuously and profitably employed.

There is this great difference between auxiliary capital, and that which is advanced as wages: that which is advanced as wages depends upon the number of the population, and the rate of wages; and these two being ascertained, we know that it cannot be used beyond the limit they oppose to its greater growth. The portion of capital we have now before us has its growth stunted by no such limits. The rate of wages and the number of the population being the same, the mass of auxiliary capital may go on increasing indefinitely, if the conditions we are about

Auxiliary capital not limited like that advanced as wages—

to explain are fulfilled during its progress. As the mass, then, increases, the productive powers of labor necessarily increase simultaneously; and in most instances, not merely in proportion to the additional auxiliary capital employed, but in a vastly greater proportion.

conditions of its increase—

1. Must return its wear and tear with a profit—

The conditions which must be fulfilled while the mass is increasing are, first, that the auxiliary capital employed must return its own wear and tear; and secondly, that it must yield the usual rate of profit. It is obvious that if it did not augment the power of the labor it assists, so as to supply annually its own wear and tear, and yield a profit to its owner, the national capital would be in the course of dissolution, and not of increase. Let us for the moment suppose, then, that the whole population is supplied with as much auxiliary capital as in the present state it can apply to aid its labor, with a certainty of all its wear and tear being replaced.

2. Must appear in a new form—

Fresh auxiliary capital, if applied at all, must be applied in some new form; but this new form must be supplied by the progress of invention; and the growing mass of auxiliary capital, in any occupation, must be simultaneous and coincident with a progress in knowledge and invention.

instanced by the substitution of steam for water power—

To go back to the history of our own national industry: steam is a force comparatively new. Let us observe a woollen mill at the eve of the invention of the steam-engine; the moving force is water—cheap but uncertain. The steam-engine is costly but powerful, and its action is certain and continuous. The laborers in the woollen trade find

their efforts more productive, because they are aided by a greater moving force. If the results of their labor are by this means so far increased, that the additional produce will exchange for as much as will keep the machine in repair and yield a profit on its original cost, it will be worth while for the woollen trade to resort to steam-engines, and the quantity of auxiliary capital employed in that trade will be increased. To that increase, however, the science and invention which discovered—the one the power of steam, the other the mode of employing it in production—were essential. Without this, the nation might have gone on accumulating fresh capital, but it could not thus have employed it profitably as auxiliary to its labor.

In this case we have a considerable addition to the moving forces which the human race can employ in production; but without any such addition, auxiliary capital may go on increasing almost indefinitely if the mode of applying the moving force it is already possessed of can be improved.

In any occupation already fully supplied with such capital, in order to make it possible to employ more, one of two discoveries must be made. We must find out some means of adding to the moving forces at the command of the producing classes, or we must discover some mode of using, more advantageously, those moving forces which they already possess. Every addition to the mass of auxiliary capital used by a population of any given number, implies either one or other of these efforts of human invention. But the new moving force, once in the possession of a nation, inventions of new modes

or, 3—Must make a better application of known forces—

of applying it may lead to the indefinite growth of the quantity of auxiliary capital used. For instance, in the case of steam, the new power was in the possession of the producing classes long before it was discovered that it could be made subservient to locomotion on land, and to the transport, over the surface of the country, of men and goods from one place to another.

In order to carry out this application of steam, two inventions, or rather two systems of invention, were necessary: first, the construction of engines, by which it was possible, with the aid of steam, to produce locomotion on land; and secondly, the formation of levels and the laying down of iron rails, by which the motion produced should be the most advantageously applied, and be the least opposed by friction or difficult ascents. These conditions were fulfilled when Mr. Stephenson invented his locomotive engine, and iron trams were laid down and lines of road constructed, on which the differences of level were reduced within a certain limit.

instanced in the case of our modern railways.

The invention of railroads was founded on no addition to the moving forces already at the command of nations. Steam-engines, of greater force than any employed on these roads, had long since been in use. The enormously increased power, with which those roads have gifted the present generation, is due wholly to the invention of better means of applying the moving force already in our possession. But this discovery has afforded the means of adding largely to the mass of auxiliary capital, used in assisting the producing classes in England. Millions have already been expended on

them, and we have, as yet, seen only the beginning of their establishment throughout the country.

It is clearly in the last manner—in the applying advantageously forces already at the command of man—that the progressive accumulation of auxiliary capital mainly goes on in the world. The discoveries of new moving forces are made rarely and at considerable intervals; the discovery of new modes of applying forces already known, by improved machinery and tools, is of daily occurrence, and facilitates the application of increasing masses of capital on a much more extensive scale, though in a less striking manner, than when such inventions as wind and water mills, or even steam, were in the first instance applied.

Such improvements offer the greatest scope to accumulation.

But when discoveries of either kind have been made, the accumulation and employment of the auxiliary capital, by the use of which such discoveries add to the efficiency of the national industry, have been everywhere slow and imperfect; and in many, and those unluckily the most extensive, countries, it is hardly perceptible. This, indeed, is even true of our own country, an exceptional phenomenon in the history of the world;—how much more true of the rest of it.

They are imperfectly carried out everywhere—even in our own country.

LECTURE VI

ON THE DISTRIBUTION OF WEALTH.

SYLLABUS.

The distribution of Wealth determines the social and political relations of society.—Peculiarity in regard to the division of the raw produce of the earth—the land yields a surplus—this surplus limits the numbers not employed in agriculture, and determines their occupation—the possessors of it determine of what kind shall be all other productions and occupations.—Food the first object of man's industry.—Non-agriculturists not necessarily employed in producing wealth—they may be employed in the defence and maintenance of the State.—Some part of the surplus produce is applied to the support of laborers producing other commodities.—The efficiency of agriculture in reference to this surplus is always to be kept in view.—Primary division of Revenue into Wages, Profits, and Rent—early connection of wages with rent—their subsequent separation—when associated together must be treated of jointly.—Wages the reward of personal exertion—those of manual laborers determined by the extent of the fund destined to their maintenance compared with their numbers.—The labor fund made up of different parts—the great mass of laborers produce their own wages—of other laborers, some are maintained by the revenue of their employer; while others are maintained by the capital of those who employ them—the social and economical position of these three sets of laborers are different.—Self-produced wages are by agriculturists—their tenures various—and are determined by the manner in which the land is appropriated.—The first cultivators of the soil not its proprietors—the soil appropriated by communities, not by individuals—the owners therefore distinct from the cultivators—the latter mostly hereditary occupiers.—Where they exist indirect taxation not possible.—The people have, notwithstanding, been powerful, luxurious, and warlike—and possessed of large revenues—arising out of the surplus produce yielded by a wide extent of territory.—Mutual dependence of the chiefs or owners and cultivators the origin of hereditary right.—No separate capitalists then in existence.—The State interested in keeping the cultivators attached to the soil.—This condition of things leads to hereditary succession—and it involves the connection of wages with rent.—No such connection between them in our own country.—The condition of the early cultivators totally different from that which prevails with us.—The laborers who subsist on the revenues of others an important class.—The non-agriculturists in Asia dependent on that portion of the labor fund.—Gradual conversion of unproductive to productive laborers in England—no such change in Asia.

IN entering on the subject of the Distribution of Wealth, we have opening before us some of the widest

departments of political economy. It is the distribution of its wealth which determines always the social, and most often the political, relations of human society; and until we have analyzed it, we cannot understand their internal mechanism. This is obvious enough, if we regard nations only at one point of time, and seek to understand their actual condition. But the vital and lasting importance of our knowledge of the causes which determine that condition, becomes fully apparent only when we contemplate human societies as capable of progress, and scrutinize the laws which govern their advance, stagnation, or decay.

The distribution of wealth determines the social and political relations of society.

We have already pointed out the circumstances which determine the comparative power of nations to produce wealth. We know that the utmost power has never been attained at all; and that nations lag short of it at different intervals and stages. The growth of favorable or unfavorable circumstances in some nations, the causes of stagnation or extreme slowness of progress in others, will most conveniently unfold themselves as we are analysing their modes of distribution.

Before making a formal division of the subject, let me premise a few remarks by the way, on the peculiar importance of attending carefully to the division of the raw produce of the earth. A certain portion of this produce must, of course, be left in the hands of those who labor on the soil,—for their maintenance, for seed, for the sustenance of animals, and for the continuance of cultivation; but the arrangements of Providence are such, that the earth, all but invariably, produces other wealth than this. The

Peculiarity as to the division of the raw produce of the earth.

agricultural labor of a family produces, in almost every case, more than sufficient for its own maintenance and the continuance of cultivation. That quantity of wealth we may call *the surplus produce* of the soil.[1] This phrase is, I think, quite intelligible, though, used as it is used here, it is perhaps new. There are one or two broad propositions respecting it, which should never be lost sight of in tracing the economy of nations. First, its amount limits the number of the non-agricultural population of the earth; secondly, its distribution determines the occupation of that portion of the population, and the nature of the commodities which they produce. It is obvious enough, taking all the nations of the earth, that the non-cultivators must subsist on the surplus produce of the cultivators. There can evidently be no more of them than that surplus produce can support. Every addition to the efficiency of agriculture adds to the number of non-agricultural laborers, and something therefore to the mass of wealth other than raw produce, which the population of the world can produce. A weak and deficient agriculture is a decided and insurmountable bar to the increasing abundance of the luxuries, comforts, and ornaments of human society. But further, it is the habits and tastes of the persons by whom this surplus is appropriated, which determine what shall be the commodities produced by the non-agricultural laboring population. They must do something to get a

The land yields a surplus—

this surplus limits the number not employed in agriculture, and determines their occupation—

the possessors of it determine all other productions and occupations.

[1] We must be careful not to confound this surplus produce with *surplus* profits, a phrase which involves very different ideas, and with which we shall become familiar enough hereafter.

part of the surplus produce of the land, for they must live on it; but what that something shall be, must depend on the demand of those who have the power of advancing that surplus. We read the truth and the importance of this fact in the monuments and productions of almost all the nations of the world, both in past and present times. Babylon, Egypt, Persia, India, as well as Europe during its progress from barbarism to its actual condition, and the gigantic infancy of America, all bear testimony to it.

Food is the first object of man's industry, and a large portion of the human race produce little more than is necessary to sustain the laborers who produce it. When a quantity appears sufficient to maintain other ranks, the destination of that quantity determines what the employment of those ranks shall be. They are not necessarily employed in producing wealth at all. They may, as a body, consist of the rude dependants of the rude aristocracy of a rude people; and give their masters what is, under such circumstances, their most essential want, viz., protection from violence. At this stage, the surplus produce is really applied to the military defence of the State. It directly, too, supports the judicial system of some nations—for example, that of Europe under the prevalence of the Feudal system. A part of it, and ultimately by far the greater part, is employed in maintaining laborers who produce non-agricultural commodities. It becomes then a direct source of the wealth of nations, and the nature of these commodities is determined

Food the first object of the industry of man.

Non-agriculturists not necessarily productive of wealth—

they may be employed in the defence and maintenance of the State.

Some portion of the surplus produce is applied to the support of laborers producing other commodities.

by the habits and tastes of those who have the disposal of such surplus.

The efficiency of agriculture in reference to this surplus, to be always kept in view.

These remarks are meant to supply some guidance during our more formal investigation of the laws which govern the distribution of wealth. Their purpose will have been answered if you keep steadily in mind, during our progress, the importance of attending specially to the causes which determine the efficiency of agriculture, and which therefore limit the numbers of the non-agricultural population, as well as the constant influence which the mode of distributing the surplus has on the productions of non-agricultural industry, and on the position of the non-agricultural producers of all the nations of the earth who have resorted to cultivation.

Primary division of revenue into Wages, Profits, and Rent.

It has been usual with Political Economists to describe all the wealth of nations as primarily divided into the Wages of Labor, the Profits of Stock, and the Rent of Land. Objections might easily and plausibly be made to this division. Still it will be found convenient, and will assist us in our task, without obliging us to reject or modify a useful mass of previous investigation.

Early connection of Wages with Rent—

But in adopting this division, I shall not treat its parts quite in the ordinary succession. We shall begin with the Wages of Labor. But there is a stage of society in which the wages of labor are mainly determined by the rent of land; as, on the other hand, the rent of land is mainly determined by the wages of labor. And wages and rents, over the cultivated surface of the globe, are, for the most part, determined by this mutual influence. In another and

a later period of social advance, the causes which determine the wages of labor and the rent of land are entirely dissevered and distinct, and the rent of land becomes wholly dependent on the profits of the stock employed on it. We shall treat the subject in the order pointed out by these facts. That is, when the wages of labor and the rent of land determine each other, we shall treat of them jointly under the head of wages. The subject of the rent of land, when wholly dependent on the profits of the stock employed on it, must be postponed and treated separately, after we have treated of the profits of stock generally.

their subsequent separation—

when associated to be treated of jointly.

The wages of labor consist of the reward of mere personal exertion, at whatever time and in whatever form that reward reaches the hand of the laborer. The wages of manual labor will principally occupy our attention. When we mean to include the wages of higher descriptions of labor due notice will be given. The wages of individual labor are determined by two causes: 1. by the amount of wealth devoted to the purpose of maintaining laborers; 2. by the number of laborers among whom that amount of wealth is divided. The amount of wealth devoted to the maintenance of labor constitutes the *labor fund* of the world; and the amount so devoted in any country constitutes the labor fund of that country. The labor fund of the world consists of portions of wealth which reach the laborer from different hands, which portions increase, diminish, or remain the same, from different causes and under different circumstances.

Wages the reward of personal exertion—

those of manual laborers determined by the extent of the fund destined to their maintenance compared with their numbers.

The labor fund made up of different parts.

To understand these causes of variation and their results, we must begin by a division of the labor fund. It separates itself easily and obviously into three parts.

The great mass of laborers produce their own wages—

By far the largest portion of the laborers of the whole human race are peasant cultivators; that is, they cultivate with their hands a parcel of land, and the wages of their labor on it consists of the whole or a portion of the produce. The wages so obtained we will call self-produced wages. Those who receive them may be described either as peasant cultivators or unhired laborers. A second group

of other laborers, some are maintained by the revenue of their employer—

of laborers subsist on the revenues of other classes expended in their maintenance. They may be called hired dependants. Such are obviously all menial servants, and all artizans employed by persons advancing their wages from their own incomes, and consuming unproductively the commodities they produce. These constitute a much larger proportion of the mass of human laborers than is apparent without some observation. Whole nations maintain the bulk of their artizans on the direct expenditure of the revenues of customers who mean to consume their commodities, and not on advances from capitalists who mean to exchange their commodities; and the nations who do not, at present, so maintain their artizans, have done so at some earlier period of their career. The third

and some, again, are maintained by the capital of their employers.

division of the labor fund consists of what is properly called capital, that is, of the stored-up results of past labor used with a view to profit. Such stored-up results, we know, are used for many purposes, and, among others, to advance the

wages of a certain number—not a proportionably large number—of the human race.

These three divisions of the labor fund of nations are all used to effect the same purpose, that is, to support laborers; but from differences in the sources of the three, and in the hands from which they are received, they give to the laboring classes they support very different productive power, and place them in very different economical, social, and indeed political, positions. To trace these differences, we must of course keep the different divisions of this great fund distinct in our investigations and reasonings.

The social and economical position of these three sets of laborers are different.

The self-produced wages of unhired laborers are derived from the land, and the extent and characteristics of their sub-divisions are determined by the manner in which private property in land is held. The peasant cultivator may be—1. a proprietor; 2. a tenant of an individual landholder; 3. a tenant of the Sovereign or State; 4. he may have an hereditary interest in his land conjointly with the State, that is, he may be an hereditary occupier. Into one or another of these classes the wants and necessities of our nature drive the largest portion of the human race. In which class they shall exist is determined by the manner in which the soil is appropriated; and the appropriation of it by some or other class of proprietors is determined by human instincts, hardly less universal than the wants of the race.

Self-produced wages are by agriculturists—

their tenures various—

and are determined by the manner in which the land is appropriated.

It is obvious that when a nation is driven to agriculture for subsistence, some means of maintaining the

cultivators must be resorted to. In the infancy of society, capital and capitalists do not exist. The cultivator then must maintain himself out of what he produces. There are no revenues of other classes applicable to his maintenance. He must exist therefore as a laboring proprietor or a laboring tenant, or under some modification of either of these characters. Now the occupying cultivators of the soil, it might at first sight appear, would naturally, in the infancy of society, be proprietors,—

The first cultivators of the soil not its proprietors.

> "The *land* is all before them, where to choose
> Their place of rest, and Providence their guide."

There are not wanting plausible grounds for arguing that the soil is the common property of every population, and that injustice is done when any part of it is appropriated by some individuals to the exclusion of others. Without either questioning or admitting the justice of these views, it is enough, for our purpose, to say that the history of the world shows they are utterly unfit to throw light upon its actual economical progress. An instinct, apparently not much less imperative than the desire of food, has incited communities to assume to themselves a right of property in the soil they occupy. This once done, the manner and form in which the soil is held by individuals depends on their respective governments. This is equally true in the democratic states of America and in the despotism of the East. In the case of nations who commence their career in a state of infant civilization, as well as in that of large populations who

The soil appropriated by communities, not by individuals—

have never advanced beyond that state, this appropriation of the soil has placed its surplus produce in the hands of parties distinct from the cultivators, and the distribution of that fund has initiated and supported all the other classes, and has given rise to the wealth which supplies the means of maintaining governments, literature, and all the non-agricultural members of society. A time may arrive in the progress of mankind (in our days it may be said to have partially arrived), when the surplus remains in the hands of the peasants themselves. At present we will pass in review the actual progress of society, as we can trace it in the past history of the human race.

the owners therefore distinct from the cultivators.

OF HEREDITARY OCCUPIERS.

These laborers have always constituted the largest portion of the agricultural population of Asia. Of our Indian subjects they form a large majority. They are, in fact, the inevitable offspring of the mutual necessities of governments and people situated as those of Asia have been. The form of their government led to the claims and exactions of the Sovereign, while his obvious interests led to the practical rights of the occupiers to an hereditary interest.

The laborers mostly hereditary occupiers—

It is a common and indeed obvious remark, that among bodies of cultivators of simple habits and inhabiting a warm climate, the indirect taxes which are so productive in our own country cannot be levied to any great extent. Spirituous

where they exist indirect taxation not possible.

liquors, malt, sugar, tobacco, tea, coffee, and wines produce in England many millions to the State. It would be vain to expect even a reduced shadow of such a revenue from a body of Asiatics consuming little or nothing but what they themselves produce from the land they occupy. Yet, during the long series of ages through which we can trace them, powerful governments and, indeed, large empires have existed on the soil of Asia. They have likewise been luxurious and warlike, eminent, too, in the fine and domestic arts, and expensive as to their armies.

The people have notwithstanding been powerful, luxurious, and warlike—

For these things, in large States, large revenues are required, and there existed one only, but apparently a sufficient, source of such revenues. The land divided among cultivating peasants produces more than they consume in cultivation and in the maintenance of their families, and leaves, in fact, a surplus which may be appropriated by the State. Hence there arises a government revenue which, when extracted from a wide extent of country, may be large without being burthensome, and may support the magnificent expenditure of an oriental monarchy, without supposing the people to be individually rich. The influence of the distribution of that revenue on other classes we shall observe by and by. At present we are concerned only with the cultivators—with those who pay a revenue to the Crown,—not those who receive revenues from it. Looking to them and to the Sovereign, we have clearly before us two classes, to the existence of one of which the possession of land is necessary, and to the

and possessed of large revenues—

arising out of the surplus produce yielded by a wide extent of territory.

Mutual dependence of owners and cultivators the origin of hereditary right.

support of the other a share in the produce of that land. In this state of things a habit of hereditary occupation soon springs up and becomes a modified right. We need not puzzle ourselves about the religious or other sanctions to such rights which may sometimes be traced. It is enough that the habit is deeply rooted in the necessities of one party and the wants, almost amounting to necessities, of the other.

No separate capitalists then in existence.

Whenever the occupiers of the land in such countries are laborers producing their own subsistence, there exists no class of capitalists able and willing to advance wages to them. In their case, if, on the death of the father, the family ceased to have any claim to the occupation of the soil they must perish. No large population deprived of every other resource would submit to this without a struggle. But so far from wishing to deprive them of the right of succession, the State has an obvious interest in retaining them on the land, and even in enforcing their retention of it, if force were at all necessary for that purpose. Such was the origin of serfdom, and of the numerous bodies of men who, during the later days of the Roman empire, existed in its provinces, under an indefinite variety of names—not slaves, nor freemen, but cultivating the land as a condition of existence, and occupying it hereditarily; partly, too, for the profit of other classes, who, unless they shared in the wealth produced by this labouring population, would have no revenues at all.

The State interested in keeping the cultivators attached to the soil.

A body of occupiers under the State, when it is

tolerably well ordered, are ordinarily in a better condition than those who labor for subordinate landholders. It is true the State has an apparent interest in reducing the wages of their labor (that is, what they are allowed to retain of the produce), to the lowest possible point, and too often the pressure becomes painful and mischievous. But experience soon proves that the laws of nature oppose an impassable barrier to the progress of the exactions that can be made under such circumstances. The cultivator must be allowed enough to continue his industry and maintain himself while he labors, or cultivation must fail altogether, and with it the revenue it produces for the State. But something more than this is necessary, if the revenue of the State is to be continuous. When the cultivator dies, he must leave a successor, and these successors must be the children of the class. He must therefore, while he lives, be able to rear up a family which will supply such successors. Now the death of half the children born before they arrive at years of maturity, may be assumed as a low average proportion. To keep up a nation of cultivators, they must have incomes which will enable them to support at least a family of four children, where two of them are to die before years of maturity. If less income were left them, an increase in the rate of mortality would ensue, and a gradual decrease in the number of cultivators must be the inevitable result. But such ultimate results are seldom brought about insensibly and quietly. As the peasants become sensible of the pressure, and feel the existence of themselves and their families at stake,

This state of things leads to hereditary succession—

desertion and resistance are their usual resource—and struggles between tyranny and desperation begin, which disfigure the story of such States, and ensure their poverty and weakness.

Such a condition of things involves that mutual dependence of Rent and Wages on each other which has been before alluded to. In a certain stage of society, our own for instance, the amount of Rent depends on the quantity of Profits made on a given spot of land, which is in excess of what the same capital would realize in other employments. The capitalist undertakes all the expenses of cultivation, the maintenance of the laborers among the rest. He must have a rational prospect of making as much Profit as he could make in any other occupation, or he would not hire the land; and he will not long continue to make more, for the competition of other capitalists would prevent him from so doing: and in this way the Rents of a country so circumstanced come to be adjusted. But this is not an early, nor is it a wide-spread, state of things. At the birth-time of agriculture, no capitalists exist to take possession of cultivation. At the outset, it is the earth and their own labor which are the sole resources of the cultivators. Some small capital must no doubt be employed in the shape of seed and implements; but, if we observe the wide surface of the earth occupied by such cultivators, we shall see that the capital they use is distinguished by an important characteristic from that belonging to the capitalists in our own country. It cannot be moved from

and it involves the connection of Wages with Rent.

No such connection between them in our country.

The condition of the early cultivators totally different from that which prevails with us.

the task of cultivation to any other occupation, for no such other occupation is open to the laborer. He must find land to produce food, or he must starve. In this state of things, it is obvious enough that the returns to his slender capital are so mixed up with the wages of his labor that, in practice, we cannot separate them. We are conscious of the presence of two elements, but we cannot argue upon the supposition of what would happen if the capital were moved to some different employment. It is impossible it should be moved, for if it were, its owner must starve; and so far as the agricultural laborer is concerned, there must be an end at once both to the Wages of Labor and the Rent of Land.

ON WAGES AS DETERMINED BY THE EXPENDITURE OF INCOME OR REVENUE APPLIED TO THE MAINTENANCE OF LABOR.

The laborers who subsist on the revenue of others an important class.

We have gone through the classes of laborers whose earnings depend on the produce of land they themselves occupy and cultivate. The next class, we will observe, is that which subsists on the income or revenue of other classes expended on Wages. This body of laborers is almost lost to sight among ourselves, but it is of very considerable importance, in any picture of either the past or present political or social economy of the nations of the earth. The non-agricultural classes of almost every nation, whether European or Oriental, have at one period of their career depended on this expenditure for their Wages.

Non-agriculturists of Asia dependant on that portion of the labor fund.

The greater portion of the non-agricultural laborers of Asia, once the most important, and the most populous, quarter of the globe, are dependant upon it still. It is obvious that wherever any division of employment has taken place, some part of the revenues of all classes is expended on the products of non-agricultural labor; and, where no capitalist intervenes between the artizan and the consumer of his wares, the former is paid out of the income of the latter. If circumstances are in the least degree favorable, this state of things does not last long. An intermediate class appears. The consumer of the products of handicrafts and of all non-agricultural industry no longer buys of them but of the capitalist, and his revenue ceases to be the direct and immediate source of the Wages of the artizan laborer. This change has taken place more or less perfectly in most of the European countries, most perfectly in our own. It has not taken place to any great extent in the East.

The early demand of those who had revenues to expend in the maintenance of others was for their personal services. We may observe this state of things and its results in our domestic history, and as late as the Wars of the Roses. The celebrated Earl of Warwick, the king-maker, is said to have fed every day in his castles and houses forty thousand men; and the habits of the king-maker were those of all the landed proprietors of his times. The main body of dependants were, in those days, probably military retainers; but there is, also, little doubt that a portion of them were artizans, like the workmen of the earlier French aris-

Gradual conversion of unproductive to productive laborers in England.

tocracy. When the habits of England became more peaceful that proportion doubtless became greater, and a part of the body of these workmen began to range themselves under capitalists who were rich enough to advance them their wages, and set them continuously to work without reference to the presence or demand of the actual consumer. As the example of Europe shows us that this body of men comes into existence in every society, the example of Asia, on the other hand, shows us that there are causes which may prevent their supercession and prolong their existence for an indefinite period in the career of nations. In the great monuments of Asia and Egypt we may observe some of the results of their endurance, and, among the consequences of their supercession, an increase of productive power and wealth, and the appearance of a new class in the State, to whom all influence over the non-agricultural labourers is transferred.

No such change in Asia.

Such has been, and still is, the extent of this large body of laborers, who receive their wages from customers and not from capitalist masters. Among ourselves the class had shrunk to small dimensions as early as the reign of Elizabeth. In the various handicrafts, the master and his staff of journeymen and apprentices appear to have been the instruments of production in the place of the insulated workman. In our nascent manufactures, as soon as they began to deserve the name, in the cloth and iron trade, the capitalist was necessarily the laborers' employer. His progress as the paymaster of all non-agricultural

labor became thenceforward rapid, and his position as such has been generally established, though it can hardly be said to be fully completed. In almost every neighbourhood a few independent workmen are still to be found in the character of jobbing tailors, shoemakers, carpenters, and other artizans. They are more numerous in the northern than in the southern counties, and in situations remote from the towns than in those that are near to them. If we turn, however, for a moment from the laborers who produce wealth in the shape of commodities, to those who live on the wages of personal services, such as the army and navy, menial servants, and others, we shall find that, even in England and at the present time, there exists a body of individual laborers dependent on revenue for their wages, not far short of the number of the agricultural families of the country.

ON POPULATION.

LECTURE I.

SYLLABUS.

The subject stated.—Population increases more rapidly in some cases than in others.—The causes of retardation are all checks that diminish the births or increase the deaths.—Malthus' division of these checks into vice, misery, and moral restraint, defective.—Some habits that increase mortality not vicious, nor referable to misery.—Moral restraint, in his narrow sense of the term, compelled him to refer to his other two checks all cases that would not fall within its limited sphere.—Various neutral causes operate as checks to population.—Voluntary restraint the most influential cause in retarding the increase of the human race.—The statement that food increases at an arithmetical, and population at a geometrical, rate incorrect.—As population increases its rate of progress diminishes.—Food may increase at a geometrical rate.—In many countries it is a continual subject of exportation.—Population occasionally falls short of its supplies of food.—The cause of this state of things an interesting subject of inquiry.—Error respecting it avoided, by assuming that the power of increase is limited by the subsistence each class requires to satisfy all its wants.—Different classes expend different proportions of their income in food.—Checks to population may be divided into vice, misery, voluntary restraint, and neutral causes not comprehended under either of these divisions.—Their effect with reference to population generally.—Voluntary restraint arises from foresight and the desire after secondary wants.—Foresight the prerogative of man—extends to the lowest orders of society—its influence increases with civilization.—Division of wants into primary and secondary.—The primary wants limited.—Secondary wants unlimited.—They increase as men rise in the scale of society.—This shown by reference to different ranks.—Additional and peculiar motives for restraint among the higher classes.—Their feelings in this respect not imaginary.—Such restraint elevates and purifies the character.—The imagination, in swaying the understanding and inclinations, is refined and stimulated by it.—The passion for the sex softens the manners.—The desire for family settlement an incentive to virtue among the middle classes also.—The effects of voluntary restraint not confined to the upper and middle ranks of society, but descends likewise to the lowest classes.—Reference to vice, misery, and neutral causes.—Caution to be observed in speaking of misery.—Some privations affect longevity without occasioning misery.—Bad diet and unfavorable habits affect longevity indirectly.—The most wholesome food seldom obtained in any case.—Vice cannot properly include checks where there is no moral taint.—Its dominion sufficiently large without unnecessarily extending it.

IN the following lectures I propose to discuss: 1st—

The subject stated.

The causes which affect the progress of population generally; 2ndly—The causes which affect the progress of the laboring population in particular, and among these the influence on population of fluctuations in the rate of wages; 3rdly—The causes which, under different circumstances, determine who shall ultimately pay the taxes laid on commodities consumed by the laboring classes—or, in other words, the causes which determine the ultimate incidence of taxes laid on such commodities.

The general subject of population I shall treat of here only as subordinate to these two last heads of inquiry. I shall treat of it therefore as shortly as is consistent with clearness. The whole subject itself is comprehensive and difficult, yet its object may be stated very shortly. Bodies of men or nations multiply their numbers, independently of immigration, much more rapidly in some cases than in others. Now, what are the causes which prevent those which multiply the slowest from increasing their numbers as rapidly as those which multiply the fastest?

Population increases more rapidly in some cases than in others.

Those causes collectively form the checks to population. Those checks, it is obvious, must comprise every circumstance which makes the number of births fewer, or the number of deaths greater, than they would otherwise be. We are in no condition to divide those circumstances into a few distinct divisions.

The causes of retardation are all checks that diminish the births or increase the deaths.

Mr. Malthus attempted this, when he stated that they

might all be classed under the heads of Vice, Misery, and Moral Restraint: moral restraint being defined by him as abstinence from marriage, accompanied by a state of impeccable chastity. If a single instance of frailty occurred, then the restraint became vicious, and was no longer to be referred to a moral cause. This enumeration of the checks was both defective and unhappy. Vice, misery, and moral restraint do not comprise all the checks to population, unless we extend in an unjustifiable manner the meaning of these terms.

Malthus' division of these checks, into vice, misery, and moral restraint, defective.

If, indeed, we include under the head of vice every voluntary habit, however free from moral taint, which increases mortality, and if, under the head of misery, we include all causes of increased mortality which arise from the absence of more sufficient means, though free from conscious suffering, we may certainly extend our notions of the effects of sin and misery to an indefinite extent. The lawyer, the student, who talk or read themselves to death, are the victims of their vices. The man who dies because he cannot afford the expense of a voyage to Italy or Madeira, is the victim of misery. We may thus introduce into action sin and misery, on a new scale, and convey the most unfounded alarms as to the influence of these evil things in controlling the progress of the numbers of mankind. It is true, we may prevent scientific errors by defining those terms so as to extend their meaning, and make our propositions logically correct, though practically, and to the ordinary sense of mankind, erroneous. I will not stop to examine the

Some habits that increase mortality not vicious—

nor referable to misery.

expediency of so dealing with the language of the vulgar on such a subject and for such purposes.

In the third check, as limited by Mr. Malthus, we meet not simply with a misuse of terms, but with a confusion and misstatement of facts, which really imparts an erroneous and sophistical character to all the conclusions based upon it. In defining moral restraint, Mr. Malthus was unlucky enough to assert that, in all cases of abstinence from marriage, when the chastity of the parties is not absolutely impeccable, the sole cause at work to stay the progress of population is vice. Thus, if a dozen men defer marriage till thirty-five, with a view to honorable progress to a station which they wish their families to occupy, they may be energetic, learned, honorable, useful, and yet, if a single instance of frailty can be traced to each of them, vice becomes the sole check which, in their case, has prevented their having added largely to the population.[1]

Moral restraint in his narrow sense of the term, compelled him to refer to his other two checks, all cases that would not fall within its limited sphere.

I have made these preliminary observations to account for my not attempting to comprise all the circumstances which retard the quickest possible progress of population under the heads of vice, misery, and strictly moral restraint. Vice and misery we shall find largely in action, no doubt, without extending their dominion by artificial additions to it; but we shall find too, a number of other circumstances not properly comprised under either of them, blotted by no moral taint and occasioning no con-

Various neutral causes operate as checks to population.

[1] Malthus was led to this delusive calculation by the peculiar circumstances under which his theory was developed. Vice and misery were the sole checks in his first edition; moral restraint only appears in the second. It was an after-thought.

scious suffering. These neutral causes arise and multiply themselves in the growth and changes of societies of civilized men. They have as yet been imperfectly observed, and when observation shall have been carried much further, it will be time enough to decide on their effects on the happiness and moral complexion of society.

Voluntary restraint the most influential cause in retarding the increase of the human race.

As to that voluntary restraint which we shall find acting a giant's part in moderating the numbers of the human race, I shall be careful not to treat it as wholly identified with vice, when I cannot predicate of it that it is sullied by no one act of frailty, but shall endeavour to observe and balance impartially its mixed effects on the morals and the manners, and the wholesome energies of mankind.

The statement that food increases at an arithmetical, and population at a geometrical rate—incorrect.

Mr. Malthus announced it as a principle that food increased in an arithmetical, and population in a geometrical ratio. Neither of the facts thus assumed, to form in combination a principle, is quite correct. If a population has doubled in a very short time, twenty years for instance, it will almost always be found that, at the end of the time, the proportion of nubile females will be less than what it was at the beginning. The population, as a whole, therefore, will not contain the same elements for doubling in a second twenty years that it contained at starting. The error is not at all important, but it is one of many instances of the fallaciousness of reasoning upon anything like a mass of human beings, as if it were an arithmetical unit. But food, it is said, has only a tendency to increase in an arithmetical ratio;

As population increases, its rate of progress diminishes.

and this is a more serious mistake, and powerfully contributed to the false alarm which the Malthusian doctrines certainly created at their first promulgation. Is this meant of the food to be produced by the whole earth? It is worth while to look at a little sketch of the cultivated and uncultivated portions of the earth, and it will be clear enough that food might increase in a geometrical ratio, or faster, for untold ages. But it will be said that the proposition is not meant to apply to the food to be produced by the whole earth, but to the food which can be produced on smaller divisions of it. Put a population into a limited territory, and it may be that you will quickly arrive at a state of things, in which its rapid tendency to increase will outstrip the possible increase of the nation's food, and the people will be on the verge of positive want.

Food may increase in a geometrical ratio.

Now is this fact? If so, it is clear that we shall find all nations eating all the food they produce, and ready to eat more. But this is not the case. With the exception of England and Holland, every nation in Europe exports raw produce when a market can be found for it; and some of them, Russia for instance, bury it, and leave it to rot, if it cannot find a market. The populations are not outstripping by their numbers the supplies of food, yet this state of things has lasted for ages. No steps, indeed, are observable towards any other.

In many countries it is a continual subject of exportation.

There are causes, then, which occasionally prevent nations from increasing their numbers as fast as their food increases. The fact is unquestionable. Such nations are numerous. They

Population occasionally falls short of its supplies of food.

occupy the land from the Eastern extremity of Europe to the Atlantic. The knowledge we want is obviously a knowledge of the causes which may, for ages, keep the numbers of the people in the rear of their means of existence,—of the nation's command of food. We shall find the pursuit of that knowledge an interesting, perhaps not a very easy task; but the facts I have shown we must start with, are utterly inconsistent with the dogma that population is always increasing, or trying to increase, beyond the supplies of food.

The causes of this state of things an interesting subject of inquiry.

This error will be eliminated from our views, if instead of assuming that mankind are always pressing on to the limits of the food that can be produced, we assume, what is quite true, that the power of increase is always exerted till it brings all ranks of men up to the limits of the subsistence each class requires in order to satisfy its cravings, not merely for food, but likewise for the commodities necessary to supply all the wants and gratifications which are essential to maintain them in comfort and contentment. For instance, the worst paid class in England, the agricultural laborers, expend about two-thirds of their revenues in food, and one-third in other objects; but all other persons, whether laborers, or belonging to the intermediate classes, spend a much smaller proportion of their means in mere food and necessaries, and a much larger proportion on other objects; and, it is clear enough, that all these classes may be reduced to give up successively their comforts and indulgences, and pass through a down-

Error respecting it avoided by assuming that the power of increase is limited by the subsistence each class requires to satisfy all its wants.

Different classes expend different proportions of their income in food.

ward career of many steps before the actual want of food becomes the limiting cause of the increase of their numbers.

If we imagine to ourselves what would be the result of all classes increasing as rapidly as their means of procuring mere food for young families of children, we shall have before us an almost ludicrous picture, which will give perhaps the shortest confutation of the dogma that the physical powers of increase of mankind are really constantly causing the increase of numbers up to the point at which food must fail. In the meantime, whether the physical power of increase does in practice increase the number of mankind till they are pressed for food, or only till they are pressed for subsistence, including many other things besides food,—it is clear that the power of increase is not sufficient to do either or both of these things.

What it is that prevents this power of increase from pushing all nations to these extremes, what causes are at work to check the full exercise of the mere physical power of the human race to multiply indefinitely, is the chief object of our inquiry.

These causes, once again, must comprehend all the circumstances which make the number of deaths greater, or the number of births fewer, than they would otherwise be. In the present state of our knowledge, we may class them under the heads of vice, misery, and *voluntary* restraint; together with various neutral causes which, though they make the number of births fewer, or of deaths greater, admit at present of no definite classifica-

Checks to population may be divided into vice, misery, voluntary restraint, and neutral causes not comprehended under either of these divisions.

tion, and must be contemplated separately, and all their results well weighed and balanced, before we pronounce on the influence they exert on the morals or happiness of nations.

Their effect with reference to population generally.

Before we come to the limited and special case of the laborers, who are by far the larger portion of the human race, a few words will not be ill bestowed on these checks as applicable to all classes.

Voluntary restraint arises from foresight and the desire after secondary wants.

And first as to voluntary restraint? The dominion of this check rests upon two points in the rational and moral constitution of man. First, on his foresight; and, secondly, on the habit of indulging secondary wants. Both of these are peculiar to man as the head of the animal creation, and both are essential to the perfection and duration of his supremacy. Other animals have no foresight of the sufferings or privations that may result from the increase of their numbers. Men have; and this prerogative of reason is the foundation of the moral and social phenomena which begin to shew themselves even in the lowest grades of human society, and which multiply and strengthen their influence as civilization advances. There is, probably, no nation in which the ordinary ages of marriage and of puberty exactly coincide. In order to examine the exact mode of increase of the influence of foresight in retarding the age of marriage, it will be convenient to divide the wants and requirements of mankind into two classes. 1st, the want of those commodities which are necessary to procure a healthful existence, and which we may call primary wants; and,

Foresight the prerogative of man.

Extends to the lowest grades of society. Its influence increases with civilization.

Division of wants into primary and secondary.

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2ndly, the wish to become possessed of those commodities that are subsidiary to the satisfaction of other desires, and which we may, for our purpose, call secondary wants. The foresight which warns men of the danger of their not being able to satisfy their primary wants, has a limited influence, because the wants themselves are limited; and the influence of prudence ceases when the means are found of satisfying them. It is, fortunately, far different with secondary wants. They are indefinite. At least we can see no limit to the comforts and luxuries which human beings may consider essential to their well being and happiness, and which they will avoid sacrificing by imprudent marriages. Now primary wants are limited. The line which circumscribes them is not very well defined; but still there is such a line. The food, shelter, and clothing, absolutely necessary to health, cannot be extended beyond a certain point. If the fear of privations arising out of imprudent marriages stopped when the means of gratifying these wants were secured, the influence of foresight and prudence would stop much sooner than it actually does. But the multiplication of secondary wants has no limits that we can discern; and their influence in creating habits of prudence, increases almost step by step with the increase of their numbers.

Primary wants limited.

Secondary wants unlimited.

To test this proposition, we have only to observe the habits of the different classes of any one population. We may take our own, where, as a whole, we get more contrasts to observe. The Irish agricultural laborer is the lowest on the list. He marries the earliest. The blue books, emanating from

Secondary wants increase as men rise in the scale of society.

the Committees of the House of Commons, contain abundant evidence that in the parts of Ireland where the population was the worst off, the people married earlier than where they were slightly better off. We may accept this fact as an illustration of a principle which will accompany us through our investigations into the habits of all ranks of society. The sexual attraction we may accept as a given quantity. The motives to control vary in number and weight, and become stronger and more efficient as men feel they have more to lose by imprudence. The weight in one scale is invariable; that in the other scale increases as the wants and enjoyments of different classes of society increase. We have begun with the lowest; let us ascend in the scale. The small shopkeeper and the tradesman do not marry as early as the agricultural laborers. Their class is accustomed to comforts and indulgences which demand a more protracted exertion, before they can be secured for their families. The decent parlor, the comfortable bedding, the better clothing of the family, are things not to be forfeited without pain, and a sense of degradation, which the young tradesman would feel. He shapes his path in life accordingly, and the class marry discreetly. So far from their numbers increasing with undesirable rapidity, the annals of all the corporate towns in Europe shew that the families of the citizens admitted to their freedom, offices, and honors, are constantly fading away and disappearing. We may remark it, as a merciful dispensation, that it is the wealthier who disappear, and the poorer who rise to their places. A cheerful ascent is the movement which characterizes

This shown by reference to different ranks.

the progress of civilized society. The dolorous descent is the exceptional movement. We are any thing but overstocked with the fallen scions of the wealthier classes, while the multiplication of the newly risen, or rising, is a phenomenon which meets us on every side.

If from dealers and tradesmen we take a step upwards, and survey the professional classes, we see, perhaps, the most striking instance of the influence of the creation of secondary wants in restraining early marriages. New elements of ambition and desire present themselves. A certain easy style and mode of living are essential to the admission to educated society. The desire, amounting almost to a necessity, of such intercourse becomes interwoven with men's notions of happiness. The deprivation of it is a terrible blight, which makes life burthensome and odious; while no effort would be too great to ensure its attainment and continuance. These feelings would lose much of their force, if all ranks of society became equally educated. I will not affront the philanthropical optimists by assuming that *this* will never be; but, until then, such efforts will continue to be among the main moving powers of society.[1] As in these classes it requires a longer effort to secure their accustomed means of subsistence, with their almost vital though indirect result, station and admission to the social intercourse of refined and educated men; so it is in these professional classes, that the effect of high aims and multiplied enjoyments

[1] There is nothing fanciful in these feelings. Such aspirations have a real and reasonable object. Moreover, they elevate the gregarious and social instincts which we observe in some animals, till they become worthy to contribute to the happiness and elevation of the rational being.

leads, perhaps, most distinctly to prudence and abstinence from early marriage.

If we carry our survey yet higher in society, the same principles are seen in action, with the like results. It has often been remarked that there are more old maids and old bachelors among the higher ranks than among the intermediate or the lower. Into their motives for self restraint, an additional and peculiar element enters. They have some dignity to preserve, and appearances, which indicate that their descent and station have somewhat of pre-eminence; and, with means that would be ample in other hands, they prefer celibacy to compromising their claims. According to their varied estimate of the elements which enter into our social machinery, some will applaud, some deride these feelings; while others will discriminate between their worth and moral character at different stages of the social progress. Still of the reality of the influence of such feelings there is no doubt, and they enter largely into the causes which promote the voluntary restraint we are treating of. That some sexual vice will be the result of the prevalence of such restraint we cannot doubt. That, wherever a spot of such vice appears, the whole influence of the restraint on population is to be treated as purely vicious, we have already denied.

Additional and peculiar motives for restraint among the higher classes.

Their feelings in this respect not imaginary.

Let us turn for a moment to what there is of elevating, purifying the character of nations, and imparting energy to the best exertions of their varied ranks, which must be estimated before we strike the balance of the good and bad effects resulting from the tendency of such restraint, which Providence has

Such restraint elevates and purifies the character.

made a condition of advancing civilization, and of its multiplied comforts and enjoyments. Some difficulty interposed to the indulgence of the passion for the sex, is the foundation of man's value for it, and constitutes the first step to the exaltation and refinement of his feelings. We cannot steadily observe the progress of society, without tracing to this source an enormous influence over its sentiments, and manners, and whole moral complexion. We think, perhaps, too little of the practical influence of the imagination in elevating and purifying the human mind. It is an internal power to which the function is assigned of making the heart and intellect produce lessons which sway the understanding and inclinations with a force which neither the brutish intellect nor depraved will of the savage can resist. The early poetry of almost every nation shows that this stimulating and purifying element of our nature is most certainly set in motion by the existence of passion that is both refined and stimulated by difficulties. The imagination, indeed, does not stop here. It goes on extending its dominion, till at last the universe, the external world, and that which exists mysteriously within all material things, all passions and emotions of which we are conscious, form but one mighty instrument which produces tones that stimulate and control men in the moods in which they rise into a higher state of existence than that of their mere animal nature. A long, and not unpleasant detail, might be gone into, founded on the history and traditions of almost every nation upon earth, to prove that when this internal light first begins to warm and to illuminate the souls of men

The imagination in swaying the understanding and inclinations is refined and stimulated by it.

and nations, it is ordinarily elicited by the struggle which the conditions of social life happily make inevitable, for means and opportunities of indulging in an innocent and holy union between the sexes.

Nor should we lightly pass over the influence of passion on the manners of our race. The desire for an object, longed for in hope and restraint, which we consider to be of priceless value, but sensitive and fearful, demanding continual forbearance and attention, and commanding our devotion; how much does the constant presence of such feelings contribute to soften the deportment and bearing of men in their intercourse with each other, and to give birth to their codes of manners and behaviour, which have been characterized with truth as the supplemental morals of nations, scarcely less essential to their happiness than the fulfilment of their more serious duties. The history of chivalry, and of the customs and manners to which it gave rise, would afford the best illustrations and comment on this part of our subject.

The passion for the sex softens the manners.

But it may be said that we are looking only at the culminating points of society, and are observing only the hues that irradiate its summits, and not descending deep enough towards the roots of the ordinary habits of mankind. Let us then observe the crowded ranks of busy men as they advance into the paths of every-day life, and seek to detect the aim and stimulus which is urging and guiding them forward. To gain a character for honor, integrity, truth, energy, such as may attract reliance on its acquirements, its ability, and efficiency,—what is the motive to cherish

The desire for family settlement an incentive to virtue among the middle classes also.

these, but the longing after a respectable establishment in life. When the mere primary wants are gratified, when somewhat larger means are necessary to satisfy men's ambition, be it lowly and humble, or exalted and craving, it is by the constant energetic display of such virtues that the object is attained. To begin with domestic servants. No class, perhaps, relies more frequently, or more patiently, for ultimate settlement in life on slow accumulations founded on faithful services, seconded by a high character. No small proportion of the comforts of their employers, and of their own respectability, zeal, and worth, may be distinctly traced to their cherished prospects of marriage and decent settlement in homes of their own. The young tradesman has always his little establishment and chosen partner in view, and he defers marriage, and aims at earning a character and the esteem of his neighbours till he has suitable means for maintaining his household in what he esteems respectability. The physician, the divine, the lawyer, the soldier, the sailor, struggle to place themselves in a position to be fathers of families, and masters of homes. The energies of the best years of their lives are devoted to the attainment of these objects, and the esteem and confidence of those above and about them are essential to their success. The very knowledge of this fact fortifies their efforts and strengthens those habits of honor and of exertion by which a large part of the population is characterized, and by which, too, the whole nation profits and is adorned.

It is not merely then by the lights of imagination, or by the softening of manners, that the necessity for

restraint, and the consequent value for the sex and yearnings after legitimate unions, benefits and exalts our race. In all employments, from the highest rank to the lowest,—energy, self-respect, honor, high-mindedness, continuous exertion, and the exhibition of the most sterling qualities in active life, may be most distinctly traced to the same cause. It is not, therefore, to poetry, romance, or sentiment, that we must refer, when we are estimating the value and results of those conditions of society which postpone the age of marriage beyond the age of puberty, but to a common place and almost arithmetical estimate of the motives which impart energy, respectability, and efficiency, to the daily efforts of the great mass of society.

The effects of voluntary restraint not confined to the upper and middle ranks of society, but descend likewise to the lowest classes.

It will be observed, no doubt, that the voluntary restraint of which we have been tracing some of the moral and social results, is a restraint rarely reaching to the lower orders, or the mass of the people; and affecting, therefore, but slightly, the progress of a nation's numbers. This proposition, however, is only partially true. We shall find instances where it is not true at all; and these instances in the case of a favorable and not improbable progress of a nation's industry, may be multiplied indefinitely. But we are not arrived at the point of our investigations at which we shall be ripe for examining this question. Before we can do this, we must take a wide survey of the laboring populations of the globe; must ascertain the sources of their subsistence, the relations between them and other classes which those sources establish, and the result on the habits of the mass

during the progress of their social and industrial career. We may then, perhaps, appreciate the extent to which habits of restraint, caused by comforts and plenty, not by scarcity of food, do actually influence the progress and numbers of nations, or have influenced them in times past, or may be expected to influence them hereafter. The principal value of this survey will obviously be to enable us to take a discriminating view of the position and prospects of our own laborers. But we are far from this point of our inquiry, and must, at present, attend to other preliminary matter.

Reference to vice, misery, and neutral causes.

Besides voluntary restraint, we enumerated three different classes of causes which make the number of births fewer, or the number of deaths greater, than they would otherwise be, and so act as checks to population. These were *misery*, *vice*, and *neutral causes* producing the same result. We will speak now of misery. That we may avoid many serious mistakes, and, above all, mistakes as to the providential government of the universe, we must be both cautious and distinct in our use of this word. In common talk we are very apt to speak of persons as miserable, because we should ourselves be miserable if we were in their condition. Alexander was miserable because he had no more worlds to conquer. Many a scion of high life is miserable because he must give up an opera box, a carriage, a house at the proper part of the West End, or a villa in the country and a stable of hunters. Such persons may, if they please, be really miserable at these privations; but when they begin to speak of all those who share their wants as being miser-

Caution to be observed in speaking of misery.

able too, we laugh or shut our ears. Now privations shared in by whole nations, and very large masses of mankind, can be spoken of as making them miserable with just as little reason. They create no conscious suffering. They do not, in the least, interfere with the happiness of the million; but they are unfavorable to longevity, and seriously affect the rate of progress of the numbers of population.

Some privations which affect longevity occasion no suffering, while some do.

We may then divide privations into two classes; first, those which inflict no suffering, but affect the duration of life; and, secondly, those which do inflict suffering, and which may properly be called—*misery*. If we look at the history of the human race, we shall rarely, perhaps never, find the mass subsisting upon food the most favorable to health. They may have enough. It may be agreeable to them: but it seldom attains that maximum of wholesomeness and nutrition which is essential to longevity. Experience pretty decisively shews that labor, not excessive, in the open air, with wheaten bread, meat, and wholesome beer, taken in moderation, insure the greatest amount of bodily vigor and constitutional strength; and whether this list of the most wholesome necessaries be, or be not, quite correct, it will hardly be denied that the food of the people is rarely indeed such as a committee of physicians and philosophers would certify as being the most conducive to health and constitutional vigor. Now, whenever it falls short of this, it produces influences that are opposed to the progress of population. It is, we must remember, indirectly—that is, not by being the immediate and apparent cause of

Bad diet and unfavorable habits, affect

longevity indirectly.

death,—that bad diet, and the habits arising out of it, increase mortality. There are, also, a certain number of diseases to which human nature is liable, such as fevers, colds, epidemics, measles, whooping cough, and a long list of analogous disorders. Now the extent to which these mow down the population, and make the number of deaths greater than they would otherwise be, is considerable. This is more especially the case among children. Even in England, where the primary wants of the population are, perhaps, more fully satisfied than any where else, not one half the population live to marry. In Lancashire more than half the children born, die under five years of age.

The most wholesome food seldom obtained in any case.

In estimating the causes which regulate the numbers of the human race, we must bear in mind this fact, that the food of nations and the necessaries of life are rarely such as are most conducive to longevity; and that the antagonist forces,—the diseases and ill health, which accompany our mortal being, become more and more destructive as the strength of nations diminishes; although the havoc they occasion can only be ascertained by examining large numbers and taking average results, as they rarely exhibit their effects nakedly and directly in individual cases.

Vice cannot properly include checks in which there is no moral taint.

I have given reasons for not extending the meaning of the word *misery*, when used to designate a class of checks to population, to cases where there is no conscious suffering. The same, and like reasons, supply perhaps a still stronger objection to using the word *vice* as including checks where there is no moral taint. But, even when we have taken this

precaution, the dominion of vice will still be lamentably extensive. The direct victims of vice, as of privation, are few. The indirect victims are numerous. All sinful habits which debilitate the body, when prevalent among large masses of people, produce an increase of the average mortality, and prepare the way for the augmented fatality of all the ordinary diseases which mow down mankind. Drinking and sexual excess are those which most readily occur, when we are speaking of vice as a check to population.

Its dominion sufficiently large without unnecessarily extending it.

LECTURE II.

SYLLABUS.

The wealth devoted to wages constitutes the labor fund—this fund resolves itself into three portions—the first consists of self-produced wages—the second of revenue belonging to others—the third of capital—necessity of distinguishing between them—The mass of laborers are unhired cultivators—they have existed for ages—and are either proprietors, tenants, or cultivators, with a right of succession.—The appropriation of the soil by communities instinctive—individual rights arise out of it.—General prevalence of unhired cultivators:—Asia the chief seat of absolute monarchies—they derive a large revenue from the soil.—Establishment of priesthoods which have protected the people from the oppression of their rulers—decline of their influence in this respect.—Solomon an instance of the monarch's power.—Exclusive dependence of cultivation on the laborers.—Disastrous effects of excessive exactions by their rulers.—Under a moderate government the condition of the laborer a happy one—conditions which in such case determine the laborer's wages—they have no reference to a general rate of wages and profits, such as exist elsewhere—such a general rate impossible without a choice of occupation—the bulk of laborers have no such choice—they have not the means of procuring other employment.—Important distinction between their case and that where labor and capital have mobility.—This state of things interesting to us with reference to our Indian empire.—The independence of landowners in Europe has there rendered the system of unhired laborers unpopular—the *taille* in France contributed to this unpopularity—the revolution abolished the *taille*.—Re-appearance of metayers in France.—Decline of other ancient forms of tenure.—Abolition of serfdom.—Change of metayers into small proprietors,—this latter class gradually becomes the most numerous.—Circumstances on which the wages of peasant-proprietors depend.—Summary of preceding view.

After this slight and general view of the laws which regulate population as they apply to all mankind, let us descend to our particular subject, and see how they

especially apply to the laboring classes, to those who depend upon the wages of their industry.

These wages constitute the revenues of the mass of the human race, and the amount of such wages determines the extent of their consumption. The particular form in which they are received, determines in a great measure the character of that consumption. We begin then by tracing the causes which determine the amount of the revenues of the laboring classes. All the mass of wealth which is annually devoted to form the revenues of those classes, constitutes the labor fund of the world. The wealth that is so yearly devoted, in any particular country, constitutes the labor fund of that country. The labor fund of the world universally, and that of each nation almost universally, consists of three different portions. The first portion is a quantity of wealth produced by the laborers themselves; it may be called collectively, self produced wages. The second portion comprises a quantity of wealth not produced by the laborers, but distributed to them by other parties, to whom it originally belongs as revenue. Such are the wages paid to menial servants, or to artizans who are maintained, not by capitalists, but by the customers who consume the articles they produce. Almost all the non-agricultural population of the East are maintained by this portion of the labor fund. The third portion consists of a quantity of wealth which has been saved by its owners from consumption, and is employed by them with a view to profit. It is the creation of abstinence and accumulation. It is

The wealth devoted to wages is the labor fund—

this fund resolves itself into three portions—

the first consists of self produced wages—

the second, of revenue belonging to others—

the third of capital—

measured by and identified with these, and can only increase as they increase.

These several portions of the labor fund all effect exactly the same purpose. They all support the laborer who produces wealth. They all too form part of the stock of wealth of the nations in which they exist; and it may be asked why we distinguish between them. The answer to this question is, that they maintain the laborers who are dependent on them, in very different positions; and form a part of the stock of wealth of nations, which increases under different circumstances, and is subject to different limits from its other parts. These differences involve others in the relations of the laboring class to the other classes or to the State, both in regard to the development of their productive powers, and to the circumstances which determine the direction of the fluctuations of their number.

necessity of distinguishing between them.

For these reasons, it is essential to keep these three portions of the labor fund very distinct during our investigations. The first, I shall call *self-produced wages;* the second, *revenue expended in wages;* and the third, *capital.* Let me repeat that capital, in this phraseology, is thus limited to portions of wealth saved from consumption by the owner and devoted to the production of wealth.[1]

I shall first describe the position of the laborers who

[1] If it be thought advisable not to separate wealth so saved from the other stock of a nation from which labor may be maintained, a somewhat different phraseology must be adopted in distinguishing the different portions of the labor fund of the world; and some different term must be selected to distinguish that part which is the result of, and is confined to accumulations, from the other two portions. I offer no such new term, for I am convinced the old terminology is the most convenient, and I employ *capital* in the sense that Mr. Malthus defined it.

depend on each portion of the labor fund, and afterwards explain the causes which determine, under different circumstances, the fluctuations in the amount of their wages. By proceeding in this course, we shall more readily learn to appreciate the effect of such fluctuations, either among different nations, or, when the case demands it, among different classes of laborers in the same nation.

Unhired cultivators form the mass of laborers—

The laborers who live on self-produced wages—the unhired laborers—come first. These consist almost wholly of laboring holders and cultivators of lands. They occupy by far the greater part of the earth's surface, and form the larger part of the population of the kingdoms and empires of the world, with not more than one or two exceptions. Their wages go through no process of accumulation or saving, but exist only as a stock for immediate consumption. They suppose no direction of labor, and no other stock except the laborer's own. The circumstances which bring these laborers into existence are not obscure or remote. The causes which determine their long endurance over so large a part of the globe, and the obstacles to change which their position presents, we shall find somewhat more difficult to analyze. Man is born dependent on the products of the earth for existence: in the first stage of society he depends on its spontaneous products, on game, fruit, and roots, which still maintain the natives of Australia. When these are insufficient, it becomes necessary to cultivate the soil. In some cases the occupiers of land produce their own subsistence or their wages from it, as on the continent

they have existed for ages—

all but universally, or their wages are advanced them by others, as in England and Belgium. Those who produce their own wages show themselves in three different characters. They occupy the land either as proprietors, or as tenants of a body of landholders, or, as in the case of nearly the whole of Asia, as cultivators with some rights of hereditary succession under the State. Now the existence of a body of cultivating occupiers arises out of the necessities of the human being. The modification of position which divides these occupiers into different classes, arises out of certain human instincts hardly less potent and constant in their operation than man's necessities. The wants of man make the existence of a body of occupying cultivators a necessity at an early stage of society; and over the greater part of the earth other causes come in and insure their endurance even to our own days. Were it not for the other human instincts I have spoken of, these occupiers would belong to one class which is not, however, practically the most numerous, viz., that of proprietors. When driven to cultivation by want of food, it is not difficult to imagine a set of persons spreading themselves over the national domain, and cultivating, each with his own hands, what land is necessary for the maintenance of his family. We should then have a body of small proprietors living on land which would fetch no rent, except it enjoyed peculiar advantages. An American writer has followed out this idea into a series of calculations as to the causes and limits of the revenues which the land might yield to other classes than the occupiers. It is not our present business to dissect these

and are either proprietors, tenants, or cultivators, with a right of succession.

calculations, or examine this system. Such a class of proprietors is not common, even under great modifications. Strictly, it exists nowhere.

The instincts which modify the position of the laboring occupier have come efficiently into play over the greater part of the earth's surface; and throughout the wide regions where they prevail, now determine, as they have done for a long series of ages, the position of the laboring cultivators and the amount and nature of their revenues, or wages. The instincts we speak of lead to the appropriation of the soil, first by the community, subsequently by individuals, or to the institution of State governments of various kinds. The good and bad consequences of this appropriation, and of the early institution of governments, will meet us hereafter; at present I invite attention only to the facts. I say it is an instinct which causes the appropriation, by communities of men, of the soil of the regions they inhabit, however loosely and imperfectly they occupy them.[1] When a civilized man comes into contact with the rudest communities, he must traffic with them in order to keep up an intercourse. The merest savage asserts the claim of his tribe to the soil, and yields it only upon terms of barter. It would be impossible, perhaps, to arrange such terms if some form of government was not recognized and obeyed. Those who compose that government, be they elders, chieftains, monarchs, or even general assemblies, have the

The appropriation of the soil by communities instinctive—

[1] In the lower animals we trace the same instinct. The town of Constantinople is divided between different canine communities, who worry to death all intruders on their domains, but live in a sort of dog-like amity with each other; and all who observe poultry and domesticated aminals may trace the same feelings and the like habits in them.

disposal of this right of the community to the soil, and deal with it, foolishly and rashly perhaps, but with an unquestioned title. Where the soil is not parted with, but retained, a few steps in the paths of industry and civilization lead to the carving of different individual rights out of the general right of the community. This has hitherto been the point at which the position of the various classes of cultivating occupiers is first determined, a position which that class ever changes with difficulty, and which, over the greater part of the earth's surface, they have not changed at all. When land is owned, either by the State, or a body of landowners, the mere labouring occupier must submit to some conditions involving always the securing of a part of the produce to the owner, or he will not be allowed to occupy it at all. And these conditions may not only determine the amount of produce he shall retain, that is, his wages, but may determine also his social condition.

Individual rights arise out of it.

By very far the largest division of such occupiers in former ages of the world, and probably still the largest in our own age, consists of cultivators who occupy land under the State with claims legal or prescriptive to treat their right of possession and occupation as hereditary, while they fulfil the conditions imposed on them. This is the case with the greater part of the peasants of Asia. Their condition would demand investigation were it only from their numbers. To us, as Englishmen, such investigation cannot but be more interesting from the fact that these laborers constitute the majority of the population of our Indian Empire and of our other Oriental dependencies.

General prevalence of unhired cultivators.

From causes, of which the analysis is not necessary for our present purpose, Asia has always been the seat of considerable monarchies. Such monarchies imply armies and courts, and the expenses of these must be supplied by a considerable public revenue. Now among a people of simple and economical habits, no such revenue can be raised by taxation in the shape of excise and customs. In practice, therefore, they are driven to a source of revenue which always exists, which is readily discerned, and easily come at, and which has been found sufficient for the reasonable wants of even the luxurious, and has partly been based upon, and partly given rise to, or confirmed, the claims of the State to be lords and owners, after a fashion, of the soil.

Asia the chief seat of absolute monarchies—

they derive a large revenue from the soil.

With exceptional cases, rarely extending to any considerable portion of its surface, the earth, by the kind provision of the Creator, yields to the labor of a family more than is sufficient to support that family, and to carry on its own cultivation. This excess we may call the *surplus produce*.[1] The whole of this produce the monarch or the State may appropriate without stopping cultivation, and by the native rulers of Asia it has been appropriated. In very remote periods, historical research dimly points out the existence of powerful priesthoods, whose useful office it was to protect the agriculturist from the violence of rude warrior tribes and from oppression by the monarch. To effect this last purpose they laid

Establishment of priesthoods which have protected the people from the oppression of their rulers—

[1] We must be careful not to confound this phrase with *surplus profits of stock*, which are quite another thing.

down some limits as to the monarch's share,[1] which was not to be overpassed without provoking the wrath of Heaven. But in process of time the secular authority of these priests either vanished altogether, or became too feeble to withstand the requirements of the sovereign, pleading his necessities and relying on his power. Perhaps the most striking picture of the rapid, and, indeed, almost inevitable, progress of the royal demands is to be found in our own Scriptures. The Jews, we know, discontented with the form of government instituted for them by the Almighty, demanded to have a king to lead them to battle as their neighbours had. Their request was granted, not without reprehension and warning. Their third king, Solomon, was a magnificent and powerful monarch. His court was on a scale of luxurious grandeur, his armies were numerous, and his buildings, in addition to the glorious temple, superb and expensive. The people, not prepared for such a state of things by their training previous to the monarchy, found themselves obliged to furnish his household and armies with the produce of their lands. Very like this is the ordinary progress of the exactions derived from a body of subject cultivators. There is a limit, however, to the revenue which can be continuously wrung from them; and the governments of the East, through carelessness and greed, are perpetually pressing on that limit, and both inflicting on others, and

decline of their influence in this respect.

The case of Solomon an instance of the monarch's power.

[1] In India the laws of Menu, a compilation of the Brahminical Priesthood, restricted the Sovereign's share to *one-fifth* of the produce; and Strabo speaks of the Indian cultivator as paying *one-sixth*. But I strongly suspect the Greek authorities, whose notions of India were very superficial, had heard of the law, and knew nothing of the practice. At all events, no other traces of such a share, past or present, meet us in India.

suffering themselves, all the disastrous consequences of that pressure.

Where neither capitalists, nor a body of laborers paid by capitalists, are in existence, the cultivation depends entirely on the laborers themselves, and if they vanish it will necessarily cease. But clearly they must vanish, more or less rapidly, if the exactions from them are so great as not to leave them sufficient to maintain themselves, and a family to replace them, after their death, at the task of cultivation. But, without supposing the numbers of the cultivators to be reduced, it must be remembered that the produce depends chiefly on the efficiency of their cultivation. Some degree of skill and some simple appliances in the shape of implements, seeds, and perhaps, cattle, are necessary to enable them to continue the rude cultivation of their forefathers. If the exactions of the State are so great as to damage these instruments of production, the population may not vanish, but they will produce less and less, and the revenue, which it is possible to exact from them, without destroying them, will, at the same time, become less.

Exclusive dependence of cultivation on the laborers.

The history of the Eastern powers, as we can read or see, shows an almost constant effort on the part of the native rulers to force these physical barriers against the excess of their exactions; to get more, in fact, than the very laws of nature permit them to obtain continuously; and depopulation, poverty, and barrenness are the necessary consequences. Before them come, however, disaffection, hatred, and reckless resistance, which is in most cases ineffectual.

Disastrous effects of excessive exactions by their rulers.

Where it is effectual, the destruction of the central government, and a state of lawless anarchy ensue, together with fierce habits of individual independence, violence, and wrong. Such are the consequences of the abuse of the conditions on which subject cultivators hold their land. The temperate management and enforcement of them by the central power leads to a very different spectacle. In tolerably favorable circumstances there are few conditions of the laboring classes more happy than that of these hereditary occupiers of the East, of whom we rule so many millions. The climate makes their food light, their shelter cheap and easily procured, and their other wants few and soon satisfied. The certainty of succession to the land, which is the source of their whole substance, gives them a sense of security and social independence, which they not unnaturally value as a pledge for the happiness and comfort of their families. Whatever government secures it to them, may depend on their willing and unreasoning submission, and what was a source of revolt and danger, under an unwise government, becomes a sure foundation for the easy administration of a good one.

Under a moderate government the condition of the laborer a happy one—

In estimating the causes which determine the amount of the peasant laborer's wages, we must make allowance for the size, the fertility of his holding, and for the efficiency of his labor. These must be such as will ensure the continuation of his race and of his cultivation, and they form the minimum of his permanent wages. Below this point, the laws of nature will prevent his lasting depression. The law which makes the earth's produce something beyond this,

conditions which then determine the laborer's wages—

is obviously the foundation of the existence of the other classes of society. When the laboring occupier holds the land under those other classes, be it the State or individual landholders, the conditions on which he cultivates under them, determine what share of the whole produce he shall retain; or, in other words, what shall be the real wages of his labor. It is thus that the direct contract with the State determines the condition of the Indian Ryot, and the direct contract with the landowner determines the condition of the Metayer; while, in serf countries, a prescriptive contract between serfs and landowners, determines with equal force the wages of the laboring population among them. This is sufficiently obvious. But what is not so obvious is, that these conditions have no reference to any general rate of wages and profits elsewhere. The laborer is not protected by any such general rate. What shall be the wages of his labor, and what the profits of his little stock, if he has any, is determined by his contract with the landowner alone, quite independently of any check from an external rate of wages or profits. To understand this, it is only necessary to recollect in what manner a general rate of profits limits the demands of a landowner in those countries in which it is a most efficient check. It is by enabling laborers and capitalists to quit agriculture, and move to some other occupation, if they find themselves underpaid, when compared with those engaged in other employments. There must then be a choice of occupations,—a refuge for the laborer who quits the soil. In such a case, labor and capital

these have no reference to a general rate of wages and profits such as exist elsewhere—

such a general rate impossible without a choice of occupations.

must have mobility, meaning by that word so applied, a power of moving, not from one place to another, but from one occupation to another. But if there exist no such choice of occupations—no such refuge for the laborer quitting the soil, then there can be for him no such protection as he would derive from a power of change. The labor and capital employed in agriculture is, in that case, immobile. The wages of the laborer must be determined by causes which exclude the operation of such a power of choice. It is not too much to say that nine-tenths of the agricultural laborers of the earth are in this position; and it is a mere mockery to speak of their protecting themselves and securing some better rate of wages and profits, by resorting to other occupations. Take for instance the great body of our Indian dependants, or Ryots. We will suppose a Ryot community to raise one hundred loads of wheat. The State demands fifty, and the remaining fifty constitute the wages and profits of the cultivators. Suppose now this to be a harsh attempt at collecting more than they have been hitherto accustomed to contribute. They may remonstrate and remind the government agent that such a revenue cannot be paid permanently, and that the laboring population must perish under it, and their products dwindle. But should these remonstrances prove unavailing, can they better their case by appealing to a common rate of profit which they can realize by quitting the land and resorting to other employments. Such a threat, it is evident, would be nugatory and almost ridiculous. There are no other employments capable of receiving any

the bulk of laborers have no such choice—

they have no means of procuring other employment.

large number of the people. The mass of cultivators must produce their own food from the soil, or starve in the absence of such a resource. In the present case, let us suppose that the dispute ends in a compromise—that the government consents to take forty instead of fifty out of the hundred. Then sixty will represent the wages and profits of the village cultivators; and, very clearly, those wages and profits will have been determined by the contract with the State and without any reference to a common and ordinary rate of wages and profits accessible elsewhere. The capital and labor employed on the land are immobile. The cultivators cannot protect themselves by moving what cannot be moved without exposing themselves and their families to starvation.

Important distinction between their case and that where capital and labor have mobility.

Delusions as to the real circumstances which determine the rate of wages among this, the largest division of the human race, may be traced, it can hardly be said, to errors, but to an unreflecting use of language on the nature of rent. The rent of land, it is said, is always composed of the surplus profits. Whatever therefore is paid by the Ryot and all peasant cultivators, must have a reference to, and be ultimately limited by, an acknowledged general rate of ordinary profit. But where the labor and stock are immobile, the rent taken determines, as we have seen, what the cultivator's wages and profits shall be, without reference to a rate of profit prevalent in other occupations, subject only to those physical limits we have explained when speaking of the necessity of continuing the race of cultivators and their means of cultivation.

But when labor and capital have mobility, a common rate of wages and profits, which is formed independently of the contract with the landowners, limits the amount of rent he can obtain. No laborer or capitalist will give for land more than the excess he can obtain by cultivating it, over what the same labor and capital would yield him in other occupations. Where there is a choice —where labor and capital have mobility, there is a moral and economical, not a mere physical, limit to the exactions of the landowner, which protects the cultivator like a shield, and serves as a refuge to the mass of the people against any but strictly limited demand. It is impossible to overlook the importance of this distinction, if we cast a glance at the broad surface of the globe and view it either as it has been or as it is. The thronging husbandmen of ancient times; the subjects of teeming Asia, who have left behind the mighty monuments which tell of the riches and power of their States; the cultivators of feudal Europe, who sustained its rising civilization;—all depended for their sustenance and support on the conditions they made with the owners of the soil; and their successors, still the majority of the laboring population of the globe, depend upon these conditions, and these alone, to this day.

This fact has a deep interest for all who are enquiring theoretically into the causes which have, or do, determine the amount of the revenues which support so vast a body of our fellow-men. It has a much deeper and more stirring interest for all who have the power and duty of modifying and administering the conditions under which

This state of things especially interesting to us with reference to our Indian Empire.

that body exists. This is our own task in India, and such is the task too of the various governments of Europe who have to deal with regions occupied by masses of cultivating peasants.

In all these forms of society in which the government decides directly by its contracts and administration on the wages of the mass, on the revenues of the body of the people, their direct responsibilities, both as States and landowners, are fearful. But in Europe, where the landowners are independent of the State, the responsibility being shared between them, is less apparent, because usage and prescription in all cases except that of cottiers, have long since effectually defined the conditions under which the laboring class occupy the land. We cannot but perceive that throughout Europe a very general dislike has arisen to the existence of these unhired laboring cultivators occupying the land. In France, the metayer system, the least objectionable form of such tenure, was very common under the old régime. But the tenure became unpopular both with the renters and the peasants themselves, though for entirely different reasons. The economists eschewed the metayers because their industry was less productive than that of a tenantry consisting of capitalists employing, directing, and assisting, hired labor. Their system constituted *la petite culture*,—that of the capitalists, *la grand culture*; and it was wished to supplant the little by the great. Their condition had likewise become intolerable to the metayers themselves. They, of course, did not complain of their own inefficiency as cultivators, and were probably quite uncon-

The independence of landowners in Europe has there rendered the system of unhired laborers unpopular.—

scious of it; while the tenure in itself could never be otherwise than acceptable to a body of laborers, for their rent to the landlord, his share of the produce, was quite consistent with their well-being. But it was, unfortunately for them, not their only burthen. They were greatly oppressed by the French system of taxation, that is by the *taille*, which was large in amount, and collected under regulations manifestly both unjust and cruel to the individual cultivators. To throw off their joint burthens, the rent and taxes together, seizing the land and resisting the *taille*, were obvious means. The revolution came and enabled a large proportion of them to do both. Still the metayer system is reappearing in France. It is even showing itself in America. It is the natural resource of proprietors who are above the condition of manual laborers, but who can find no race of tenant capitalists ready to undertake the direction of the laborers employed in cultivation. In many provinces of France no other tenantry indeed can be observed than that of laboring metayers. In America the cultivator who has capital of his own can easily become a proprietor. He prefers it. A proprietor in the old States not unfrequently lets a respectable laborer take possession of his land and flock, on condition of paying him a proportion of the produce. This is a metayer tenantry, and who can say how long it will exist in America, or how far it will spread while the Anglo-Saxons are fulfilling their mission of cultivating and peopling that continent. In the meantime, though this form of tenure may be a resource to the

the *taille* in France contributed to this unpopularity—

the revolution abolished it.

Re-appearance of metayers in France and America.

landlords, it is not a favorite one with them. They advance the stock, but they must receive and deal in the produce. The moment they can find a tenant who will undertake all the charges and risks of cultivation and pay them a money rent, that new class displaces the metayers.

Decline of other ancient forms of tenure—

The causes of hostility to the other ancient forms of peasant tenure are different, but are still more potent. Serfdom was generally mixed up with slavery in its origin, always with modified slavery in its progress. The governments and aristocracy have long discovered that it degraded the population as laborers, and made them inefficient as producers of wealth. The governments (and most distinctly that of Prussia) saw that in serf countries the physical strength of the kingdom lay in hands not to be depended upon by them. By a series of measures, rather violent, but not wholly inequitable, the serfs have been placed in the position of small landholders. Russia is preparing a like change, which probably it will take some generations thoroughly to effect. During these last revolutionary years, Austria and other German States have proceeded more rapidly in the same paths. In France we have seen a body of metayers turned into proprietors; while Russia, Germany, and the intermediate countries, have completed the same process with their serfs. A great part, probably the greater part, of the agricultural population of Europe will consist of such proprietors. The new world is rapidly multiplying the same class. They promise to become one

abolition of serfdom.

Change of metayers into small proprietors—

this latter class gradually becoming the most numerous.

of the most numerous, if not altogether the most numerous, of the divisions of mankind; and the probabilities of their prosperous or unprosperous future progress must command a proportionate degree of interest.

Circumstances on which the wages of peasant proprietors depend.

Peasant proprietors till the ground they occupy, and produce from it their own wages, subject as occupiers to no conditions.[1] Their revenue depends solely on the size and fertility of their estates, and the efficiency of their cultivation. But the size of their estates depends almost entirely on the progress of population. What determines that size, therefore, are the causes which determine the numbers of the people. These causes we shall not be prepared to discuss till we have examined the effect of stationary wages, and yet more of changes in the rate of wages, on the progress or decline of the numbers of the people in the position of these cultivating proprietors. We leave them then for the present to return to them when we have mastered the laws which rule the fluctuations of their numbers, and so the size of their allotments and ultimately the wages of their labor.

Summary of preceding view.

We have seen, then, the constitution of the soil and the instincts of man covering the earth with manual laborers, producing their own subsistence or wages. Of these, some possess the land in full proprietorship, and their wages are determined by the size and fertility of their lots, and the efficiency of their industry. Others, and in past times by far the larger part, hold their land on certain conditions, like

[1] We do not here refer to such things as land tax,—or, indeed, to taxation in general.

the ryots of Asia, and those conditions are the most potent causes in determining the wages of the agricultural laborers, always the most numerous part of such populations. But whether proprietor, hereditary occupier, or laborer, they are always the guides and directors of their own labor. The wages on which they subsist form always a fund for immediate consumption. They are not dependent on abstinence or accumulation for the funds on which they exist. In the simple and primeval form of society, of which they constitute the substratum, no other capital or saved wealth is absolutely necessary beyond that which enables them to till their plots of ground. That these agricultural laborers have no employers, and that their wages always, and necessarily, come into their hands in the shape of food and raw produce, are facts which it will be necessary most distinctly to bear in mind while we pursue our present limited object of investigating the causes which determine fluctuations in the numbers of nations.

LECTURE III.

ON REVENUES OTHER THAN THOSE OF THE ACTUAL LABORER, BUT WHICH CONSTITUTE A PORTION OF THE LABOR FUND.

SYLLABUS.

Dependence of non-agricultural laborers on the surplus produce of the land—such laborers may be maintained directly by the original owners, or indirectly through a capitalist—the direct mode of maintenance less apparent in our own country.—The sources of revenue are here multitudinous.—Elsewhere, and in former ages, the non-agricultural population were maintained by revenue, and not by capital—the change from the former to the latter mode of maintenance the distinguishing feature of our own European system.—The surplus produce limits the non-agricultural population and determines their occupation.—Effects of revenue expended by the State in the support of non-agricultural labor.—Expenditure by landholders.—Transfer of this expenditure to capitalists.

Dependence of non-agricultural laborers on the extra produce of the land—

While the unhired laborers we have been describing are tilling the earth for their own subsistence, they are producing, as we have seen, more of food and raw produce than they themselves consume. This extra produce must be either consumed at home, or exported, or destroyed. We shall assume it not to be habitually destroyed. If it be consumed at home it must support a non-agricultural population. It

may support that population directly or indirectly. The non-agricultural laborer may receive his subsistence directly from the State or the owners of the soil, or, by a process we shall describe, he may be fed by the same revenue coming to him through the medium of a capitalist. He is then no longer supported on revenue but on capital, and we shall meet him in another place; but his indirect dependence on the revenues of those who possess the surplus produce, we shall find, must not be lost sight of. At present our business is with the revenues which support labor directly. At home an Englishman sees little at present around him to draw his attention to this particular portion of the general fund which supports the laborers of the earth. All such laborers appear in England to be employed by capitalists; yet even here, if we take the soldiers and sailors, and menial servants and artizans—the latter comparatively, indeed, a small class—we shall find a body not unimportant who are supported by the expenditure of revenue, and not by the advances of capital.[1] Secondly, the revenues of which a part is so expended are not exclusively, or even in a preponderant proportion, those of the landowners. All classes of society, except the laborers themselves, and, in rare cases, even some of them, spend a part of their means in supporting servants, and occasionally maintain an independent artizan. The sources from which the whole of the revenue so applied, is derived, are, indeed, in our own

such laborers may be maintained directly by the original owners, or indirectly through a capitalist—

the direct mode of maintenance less apparent in our own country.

The sources of revenue are here multitudinous.

[1] On a rude estimate I believe them to equal in number the heads of agricultural families.

country multitudinous. The case is far different in both these respects when we look to other countries, or, indeed, to other ages than our own. There we see, up to our days, almost the whole non-agricultural population, supported directly from this fund without the intervention of capitalists. It is important to get a clear view of this state of things. In its gradual modification, in the moving of the non-agricultural population into the hands of capitalists, as their employers, great changes take place. These changes are what distinguishes our own non-agricultural industry from that of China and India, and they lead to the development of the greatest power of human industry, with all its mixed train of consequences.[1]

Elsewhere, and in former ages, the non-agricultural population were maintained by revenue and not by capital—

the change from the former to the latter mode of maintenance the distinguishing feature of our own European system.

There are one or two propositions which it is well to bear in mind, while tracing the functions of this particular part of the labor fund. The surplus produce of agriculture consists of all the produce not consumed or used by the cultivators during the task of cultivation. It limits always the non-agricultural population of the whole earth, and what is necessarily true of the whole earth, is ordinarily true in practice of individual nations during the early periods of their progress. It also ordinarily determines, by the mode of its distribution, the occupations of the non-agriculturists, and the nature of the commodities produced by such of them as

The surplus produce limits the non-agricultural population—

and determines their occupation.

[1] These changes have been nowhere completed except in England, Holland, and a few spots of Europe. Among their consequences are the disruption of the connection between the laborers and the landholders, and their effect on the social and political condition of the people, into which I have not entered.

produce wealth. Now it is obvious that this surplus may come into the hands of, and be expended by, very different men, or classes of men, and these differences must affect powerfully both the occupations of the non-agriculturists and the nature of the commodities they produce. Let us inquire, then, into the modes of distributing this surplus produce which have prevailed the most extensively in other days, or prevail the most extensively in our own. We shall find this inquiry leads us at once into the subject of revenue, as a direct source of the support of labor, independently of the advances of capitalists. This surplus produce then may be distributed, 1st, by the State; 2ndly, by a body of landholders distinct from the cultivators; 3rdly, by the cultivators themselves; or 4thly, by all three in different proportions. We will take a view of the result of the distribution by each.

it may be distributed in various ways—

When, as throughout Asia, the State deals with the cultivators directly, and all or nearly all the surplus produce of the land comes into its hands, it is upon the expenditure of the State or of its officers, that the non-agricultural classes must rely for obtaining subsistence; and in practice we find that, in the great Eastern countries, the handicraftsmen receive it directly from those who consume the commodities they are employed about, and not through the medium of an interposed capitalist. This, in truth, has now long been the great characteristic difference between the non-agricultural industry of Asia and that of Europe. We have seen that the greater part of the agricultural laborers of the globe live on a fund which is quite inde-

Effects of expenditure of revenue by the State in the support of non-agricultural labor.

pendent of the advances of capitalists and of their accumulations. They are, then, necessarily dependent upon the owners of the soil where it has been appropriated by other classes. A great change takes place in the social relations of the community when this dependence ceases, and the agricultural laborers are handed over to capitalists as their employers, and receive their subsistence from them. An analogous change takes place in the progress of wealth and civilization in the condition of the non-agricultural laborers; but it takes place earlier, and has already been accomplished over the greater part of Europe, where its social and political consequences have been not less important than its economical ones, and they react upon each other.

Obviously, the capitalist is not a necessary medium between the customer, who is to consume, and the artizan, who is to produce a commodity. The amount of income or revenue, which the former is disposed to lay out, may go to the direct maintenance of the latter without forming any part of the accumulated capital of the country. It is by their expenditure and not by their saving that the owners of this division of the labor fund maintain a portion of the laboring population. In the towns of India, China, and Persia, the more numerous body of artizans are dependent entirely on the expenditure of those who consume their commodities. Their means of subsistence depend on the presence of their customers, and some results follow, of which, in our more advanced state of civilization, we have no experience. We have seen that the surplus soil in India comes into the hands of the State, and through it, of its

dependants. The spots where these are seated become the centres of a distribution of revenue, by the expenditure of which the artificers so employed are fed. The capital cities offer, of course, the most striking illustration of this state of things. When Aurangzeb moved from Delhi on his summer excursions to Cashmere, the town was partially depopulated: 400,000 men waited on his progress. In the long and arduous struggle in the Deccan, which lasted twenty years, the expenditure of the Court was transferred to the seat of war, and nearly two millions of souls crowded round the overgrown camp. In the early history of Europe, we can observe the existence of an analogous class of things and the beginning of the changes which subsequently took place. The palaces of the first and second Frank monarchs were surrounded by a crowd of artificers, who were fed by the expenditure of revenues derived from various sources, but principally from the crown domains. The practice of granting large tracts of the soil, as benefices, was almost coeval with the Frankish monarchy. The residence of each beneficiary became then a separate centre of distribution, and small villages of tradesmen and artificers clustered round them. The stern spirit of insulation of the nobility, which had become feudal, hereditary, and independent, long sheltered the rising domestic arts of Europe; but they soon ceased to be the direct dispensers of wages to the artizan. The employment they afforded was permanent, and villages sprung up around them, giving birth to a body of industrious individuals, who acquired means to advance the wages of the

Expenditure by landholders—

transfer of this expenditure to Capitalists.

workmen, to speculate on the demands of the landowners in their neighbourhood, and to produce at their own cost and risk such commodities as they felt sure, in some reasonable time, would be taken off their hands. The change was now so far completed. The artizans had passed from one part of the labor fund to another. They became directly dependent on the advances of capitalists, not on the expenditure of revenue. But we must not leave this part of our subject here, or appear to acquiesce in an opinion sometimes broached, that the domestic expenditure of the landed proprietors had nothing more to do with the fostering and maintaining the non-agricultural interest of the country. The capitalist advances wages to the workman, and takes the risk of disposing of the commodities, which he produces only in full reliance of finding a customer for his products. In the rude ages the principal customers were those who had possession of the surplus produce of the soil. In early Europe these were the feudal landowners. When they no longer advanced the independent artizan his wages, their prospective expenditure made it rational for his new employers to advance them; and, when this happens, the busy scene becomes more complicated, and numerous revenues, customers, and markets concur in giving security for a master capitalist.

TRACT

ON THE

INCIDENCE OF TAXES ON COMMODITIES THAT ARE CONSUMED BY THE LABORER.[1]

I propose in the following remarks to put some assistance into the hands of those who are engaged in discussing such questions as the probable results of an alteration in the corn laws, or the real incidence of taxes on commodities consumed by the laboring classes.

It is hardly possible to observe the statements and arguments of either writers or speakers on such subjects, without being forcibly struck by the inconsistencies of the views put forth, sometimes by different, and sometimes by the very same person. At one time the repeal of the corn laws is held out as a boon to the laborer. It is to increase his real wages by giving him a greater command over the necessaries of life. At the very next instant, it is to give increased advantages to the capitalists; the real wages of labor, and the commodities consumed by the

Contradictory views held on this subject.

[1] This tract of Mr. Jones has no date affixed to it, but a remark in the note which will be found at page 147 shows that it was written at the East India College. —EDITOR.

laborer, being the same, money wages are to fall, which will enable more commodities to be exported at an increased rate of profit. It is obvious that, to the exact extent to which one of these results takes place, the other cannot do so. It is impossible that real wages should rise, and that they should also fall and the capitalist profit by their fall at the same moment of time. If the laborer get more commodities by the change, to that extent his employer cannot profit by it; and if we admit that there may be an advantage which may be shared between them, we shall still wish to know to which side the balance of advantage will incline, and how and according to what laws it will be divided between each party when such a division takes place at all.

So again as to the general mass of taxes imposed on the commodities consumed by the laborer (of which the high price of corn, assumed to be occasioned by the corn laws, is only one. Sometimes we hear lamentations over the fate of the laborer, oppressed by taxation, direct and indirect, on the commodities he consumes; at another time we are told that the idea of the laborer's contributing to such taxes is a mere illusion, that the result of them is always, after a certain time, a corresponding rise of wages, by which the burthen is thrown back on the employers of labor, and goes to reduce the profits of stock, until production, with a reasonable return to the producing capitalist, becomes difficult or impossible.

To such an extent has this last theory been carried, that a very eminent writer, the late Mr. David Ricardo, seriously proposed to estimate the amount of such taxes

paid by the laborers of the country, and to lay a direct tax of a corresponding amount on the rent of land, that thus the owners of land and the owners of stock might be put on an equal footing. I remember, not long ago, to have heard a great engineer, who, I believe, employs some thousands of men, say that his laborers must have a certain quantity of tobacco, tea, sugar, etc., etc., and that he considered the taxes on these as paid by himself in the shape of the higher wages necessary to purchase them.

It is clear that both these views of the case cannot be correct. If the laborer's enjoyments are made less by the tax, and he is oppressed by it, then to that extent it is not paid by the capitalist; and if higher wages are the consequence of the tax, and the capitalist is oppressed by it, then to that extent the laborer cannot suffer.

If, however, it should ultimately appear (as I think it will) that the same amount and the same kind of taxation laid on the commodities consumed by the laborer, may be actually paid by either party, that is, by the laborer, or by his employer, under the different circumstances of different countries, or of the same country at different times, then it will be the task of political economy to show what are the causes which, under those different circumstances, determine the ultimate incidence of such taxes, and make them fall either on the shoulders of the laborers or on those of their employers.

Taxes do not fall exclusively on the laborer or on his employer—

The investigation of these causes will form the chief part of the task before us. In observing, however, the inconsistency and confusion which have prevailed, either

in the current literature or the economical discussions of the day, we shall soon be led to the conviction that they originate principally in some very unsteady and imperfect views of the laws which regulate the movements of the population. This unsteadiness has confused some parts of the subject, and has altogether hidden (as we shall see) certain wide and all-important fields of inquiry from the eyes of some of our most eminent writers.

the belief that they do so founded on mistaken views regarding the population.

It is admitted by all economists that the manner in which changes in the rate of wages react on the market for labor, so as to produce subsequent changes, is by and through alterations in the number of the laboring population, which alter the relative state of the demand for, and supply of, labor. A rise of wages may accelerate the rate of increase of the people, and may, therefore, make labor more abundant and cheaper, while a decline of wages may retard the rate of increase,—may make labor more scarce compared with the demand for it, and may thus lead to a reaction and subsequent rise of wages. No one denies this. But then we must remark that this reaction cannot take place without that movement of the population which is the cause of it; and, secondly, that though an accelerated rate of increase of the population may follow a rise of wages, the very opposite consequence, namely, a retardation of the rate of increase may also follow such a rise, and then wages will have a tendency to rise yet more. On the other hand, although a retardation in the rate of increase may follow a fall in wages, and react on the labor market, so as to lead to an ultimate rise of

The rise of wages not always followed by an increase of population, or the fall of wages by its decrease.

wages, yet an exactly opposite consequence may also follow, and may lead to an increase of the population which would tend to reduce the rate of wages still lower.

On the first proposition I have laid down, it may be as well to say a few words here and dismiss it. There are very many persons, not very deep economists, who believe that a fall in the price of provisions would be followed by a fall in the wages of labor, quite independent of any movement of the population, that is, of any change in the state of the demand and supply in the labor market. If wheat were to fall to half its price, they conclude that the laborers would be content with the same or a slightly larger quantity than before, and that their money wages would fall at once, without waiting for any change in their numbers compared with the demand for their services, and that the manufacturer would be able to produce more cheaply and export more. I say nothing of the inconsistency of this opinion with the promise held out to the people that the corn laws are to be repealed for their benefit. The opinion itself is untrue. Instead of a population, let us confine ourselves to a class. There is a demand, we shall suppose, for gloves. Large sums are ready to be employed in manufacturing them. There are only a limited number of working glovers. The demand for their services is great, and their wages spring up to two guineas a week. It would appear ludicrous to tell them that they ought to consider, not the pressing demand for their labor, but the quantity of bread and meat which the laborer ought

The fall of provisions not attended by a fall of wages, if the number of laborers remain the same.

in conscience to be content with. There is no real difference between their case and that of the whole laboring population of a nation.

Wages different in different countries—

From the different classes in one nation let us turn to the differences between the average wages of the laboring class in different nations. In America the wages received by the laborer enable him to eat meat three times a day, to drink cream with his tea, and occasionally to indulge himself with an ice. In England he consumes wheaten bread constantly, and meat occasionally; and in Ireland potatoes and salt. Does any one imagine that these differences result from the greater or less success of the employers in persuading their laborers by argument and conviction to be content with different habits of living. The fact is, that in America the number of laborers is small compared with the demand for their labor, and they receive high wages, which they dispose of as they please. The American laborer spends them in good living; the English laborer in America either saves them, or spends them on entirely different objects, as has often been remarked when both were employed in public works there.

they are always determined by the demand and supply of labor.

Whether, then, we look to the wages of different classes of laborers in the same country, or to those of different groups in different countries, we may be quite sure that the price of labor, like the price of every other commodity, depends, at any given time and moment, on the supply of labor in the market compared with the demand for it; and *that* without any reference whatever to the prices of the commodities on which the laborers may choose to expend

their income. So much I believe any one at all familiar with economical inquiries will admit at once.

The error I have next to advert to originates with, and has been propagated by, the economists themselves. Admitting, without hesitation, that the price of the commodities consumed by the laborer, including that of his food, is not what, at any given moment, determines the price of the wages of labor; they have sometimes contended, and sometimes taken for granted, that, after certain intervals, the prices of the articles consumed by the laborer would determine the wages of labor by reacting on the supply of it, and thus affecting the relation of the demand and supply in the market, which, at any given time, regulates the price of labor. According to them, a rise of real wages (that is, a greater command over the commodities consumed by the laborer), whether occasioned by a rise of the money amount of his wages, or a fall in the prices of the articles he consumes, will always give an impulse to population, and will stimulate its vast powers of rapid increase till the number of the laborers will be greater relatively to the demand, so as to bring down the real wages to the amount of the commodities which he consumed before the rise took place, which initiated this movement of the population.

Supposition that increase of wages must necessarily stimulate population, erroneous.

Thus Malthus, and that, too, in one of his later works, speaks of raw produce, or the food of the laborer, as the only commodity which, in the long run, is always of the same value, that is (according to his definition of value), which always commands the same quantity of labor; and Mr. Ricardo, in his chapter on wages, speaks

of the natural price of labor being such as to enable the laborer always to command the same quantity of food.[1] Now, is this so? Are the wages of labor, although subject to fluctuations, in the long run, immutable? A certain quantity of potatoes commands a certain quantity of labor in Ireland. Is there something in the respective natures of potatoes and mankind, which makes it certain that the wages of the Irish laborer will never be more than will suffice to command the same quantity of potatoes which he now consumes? The opinion, in spite of the authorities on which it rests, seems too preposterous to contend with. I may assume it, I think, as obvious, that, as a general principle, the wages of labor may, under certain circumstances, advance and permanently increase. I admit, of course, that any given increase may possibly not be permanent, but may give such an impulse to the multiplication of the people as to bring wages back to their former level. The problem then immediately rises before us, as to what the circumstances are under which a rise in the real wages of labor shall be permanent, and what those are under which it shall be transitory and followed by movements in the population which restore the former state of things. It is this problem I am about to attempt to solve. The reader will recollect that a repeal of the corn laws, if followed by a lower price of corn, is the same thing, at the time it takes place, as a rise in the real wages of labor; and further,

Wages may permanently increase.

[1] If the disposition and aims of Malthus are looked upon with suspicion *elsewhere*, it will not be *here*, where the pride of his colleagues, in his reputation as a philosopher, is almost lost in their affectionate recollection of his placid and benevolent virtues as a man.

that the repeal of any tax on commodities consumed by the laborer is, at the time it takes place, provided they fall in price, the same thing as a rise in the real wages of labor. They both give the laborer for a time a greater command over the commodities he consumes. His money wages have been fixed by circumstances which have no necessary connection with the price of those commodities. They have not been calculated with any view to giving him a certain quantity of them and no more.

The remission of taxes on what the laborer consumes is an increase of wages.

But whether a rise of real wages shall be temporary or permanent from such causes as lower the price of corn, or shall be temporary or permanent from such causes as lower the price of any other commodities consumed by the laborer, are only particular cases of the wider question we shall have to deal with, as to the causes which determine the temporary or permanent character of changes in the condition of the laborer and his command over the various products of human industry suited to his wants or tastes.

Importance of the inquiry, whether changes in the condition of the laborer are permanent or temporary.

To approach this problem efficiently, I must enter, in a somewhat enlarged and altered form, into the principles of population, or the causes which govern the movements of the numbers of nations. The imperfect and, in some respects, erroneous manner in which those principles have hitherto been stated, appears to me to have created much of the doubt and difficulty which have obscured the views and confused the opinions of practical statesmen on some of the most important points of our public policy.

That great work in which sound and well connected views on the subject of population were first given to the public, was entitled by Mr. Malthus "An Essay on the Principle of Population." The principle of population, as announced in it, is, that population increases in a geometrical, and food in an arithmetical, ratio.

The principle of Malthus' Essay not well founded.

Now it is clear enough that this single principle consists of two propositions, each of which asserts a distinct fact, neither of which facts are strictly true.

When it is stated that population increases in a geometrical ratio, it is in substance asserted that a population, having doubled itself in any given number of years, has always the same power of doubling, in a like number of years, that it had when it began to increase. Now the fact is not so. Let a country, of which the numbers have been stationary or increasing slowly, double its numbers, in twenty years the proportion of fertile females in the young population will be less than it was when the movement began. There will be a larger proportion of female children, under the age of child-bearing, and the new population will not possess exactly the same powers of doubling, in the given period, that the old one possessed. Secondly, when it is stated that food increases in an arithmetical ratio, it is, in substance, asserted that, if the food which feeds the laboring population, be represented by a number—*one*, for instance—the successive additions to it in any given period of years, say every twenty years, can only consist of equivalent units. That the additions must go on in the order, one, two,

Food and population do not increase respectively in an arithmetical and geometrical ratio.

three, four, and at the third period must amount to three, and that such additions cannot be in geometrical ratio and increase in the order, one, two, four, eight, etc.

Now this assertion is more obviously incorrect than that which constitutes the first branch of the so-called principle of population. It may be true of a given country at this time, and of the whole earth at some distant time, that it cannot double the food produced in geometrical progression, and that the successive additions to food, in a given period, must consist only of the quantity assumed to exist at the commencement of a series of such periods.

But though this may be true in *particular* cases, and *generally* at some future time, it is not true in all cases, and at this time. Look at South America, eastward of the Andes, and its population: how long might they go on increasing their food in geometrical progression! Look at any sketch of the cultivated and uncultivated parts of the earth, and then calculate how long the human race might go on doubling its food as well as its numbers in geometrical ratio.

And looking at the moral causes which have determined, as they will determine, the rise and fall, the progress and disappearance, of nations, let any one ask himself if, while the earth exists, there is even a slight probability that the existing portion of the human race will be in a position in which it is impossible for it to increase the production of its food in a geometrical ratio for many successive periods.

It may be said that both these propositions are approximatively true as to nations in the state of those

about which Mr. Malthus meant to reason. Be it so. *That*, nevertheless, appears an insufficient reason for converting two propositions, containing each an incorrect statement of facts, into the dignity of a great principle, and proclaiming the principle so obtained as being the law on which all movements of population depend.

The conclusions of his Essay are, notwithstanding, true and important.

If Mr. Malthus had entitled his work, An Essay on the Causes which determine Fluctuations in the Numbers of Mankind, he would have opened the way to all the comprehensive and important conclusions at which he has arrived, without either announcing a theory or doing violence to a fact.

There are certain periods during which nations have been observed to double their numbers by multiplication, —Mr. Malthus thought in twenty years, Mr. Sadler, I think, labored to prove in not less than fifty years. I have no doubt that Malthus was right; but it matters not, as it is of no great moment, in a general view, which term we take. It is manifest that, if mankind had gone on doubling at this rate for many periods of twenty or fifty years, the earth would not have held them. It is also manifest that all the peoples of the earth have not increased, and are not now increasing, their numbers at any such rate.

The real question is, why some nations increase their numbers faster than others.

The question then presents itself, what are the causes which prevent *all* nations, at *all* times, from increasing their numbers as fast as we see some nations, at particular times, increasing theirs? A full answer to this one question leads at once to the development of the whole subject of population, and of those laws of nature which, acting through the

physical structure on the moral and intellectual constitution of the human race, limit and determine its numbers.

This subject is connected with political economy, mainly because the understanding of it is necessary to comprehend the causes of fluctuations in the rate of wages and of profits; and it is with this application of the subject that we have here principally to deal. It has, besides this, a wide and vital connection with the whole of political philosophy, and with our conceptions of those moral laws by which the Creator regulates the happiness and prosperity of individuals and of nations.

The subject essential with a view to its effect on wages.

In enumerating the causes which make mankind increase less rapidly than their power of multiplying their species makes it possible they should increase in some instances, Mr. Malthus divides them into three heads, viz., Misery, Vice, and Moral Restraint, defining the latter to be abstinence from marriage accompanied by a state of impeccable chastity. This third check was an after thought. No mention of it is to be found in his first edition, published in 1798. Now this division is logically defective, and the defects lead to narrow and, in some respects, very erroneous views, which limited prejudicially Mr. Malthus' own survey of the subject, and led his followers into some very serious and unfortunate errors. For, this division of the checks to population being adopted, it followed that, in all cases of individuals or of classes where a deferred age of marriage could not be asserted to be wholly and entirely free from any spot of frailty,

Malthus' division of the checks to population defective.

there the only check which was retarding the progress of population was unmixed vice.

The three causes enumerated by Mr. Malthus embraced all the acting checks to the greatest possible multiplication of mankind. Of these three, moral restraint, or impeccable chastity, was only one. Every other check, therefore, must be comprised under the head of vice and misery, and, when not misery, must be vice. This error arose evidently from representing the vice—which may be the accidental companion of voluntary restraint—as the cause which produces the whole effect on population. This is a mistake; for the effect is really produced quite independently of the vice which accompanies it.

In order to make the erroneous views arising out of this faulty division of checks more apparent, let us survey the circumstances of one man, or class of men. Let us observe the career of a professional man refraining from marriage till the age of thirty-five, and keeping constantly in prospect the establishment of a home and a station for himself and his children: it is not too much to assume that, to attain the end he had in view, his career, during the time, has been honorable and useful; that he has been careful of his own self-respect, jealous of his honor, zealous in his exertions, and that society is both served and adorned by a class of such members: yet let the frailty of nature overcome him once during this career, and at once, according to Mr. Malthus, the whole check on rapid multiplication, established by the existence of such a class of men, becomes converted into a mass of unmixed

vice. It is not misery which has been checking population,—not abstinence from marriage, accompanied by a state of impeccable chastity; and, therefore, it is vice, and vice alone, which has been restraining the natural powers of increase of the people.[1]

If, instead of vice, misery, and *moral* restraint, Malthus had divided his checks into vice, misery, and *voluntary* restraint, he would have made no forced addition to the power and influence of vice. He would have seen that the abstinence of whole classes from early marriages —which is one great concomitant of the progress of civilization—is productive of mixed effects, of much virtue as well as of some vice, and he would probably have proceeded with a task, of which his mode of viewing the subject concealed the importance, namely, the ascertaining on which side the balance preponderated, when society had to calculate how far it was elevated and purified, and how far it was degraded and polluted, by the struggle against mere animal gratification of the sexual propensities. For, not to dwell long upon this part of the subject, which will necessarily develop itself as we proceed, let any one look round upon the human race and observe the habits and feelings which contribute the most to adorn and give energy to society, during its progress from savage life to the highest stages of civilization; and

The substitution of *voluntary* for *moral* restraint, as a check, an important correction.

[1] The manner in which Mr. Malthus was induced to adopt this faulty division—which he adhered to through life—is remarkable, and may be traced without difficulty by any one who will make himself master of the circumstances under which his work was first written, and then compare his first edition with the subsequent ones. But this belongs rather to the literary history than to the exposition of the subject.

he will find that they have their source in the check which foresight and the desire of respectability and comforts are continually presenting to the facile gratification of the passion between the sexes in its most sensual form. Vice itself is not the check, but the spot of evil which accompanies a check, that brings along with it both dignity and power, and is the source of much of the light and beauty which pervade the ranks of mankind, where society is the farthest removed from its savage origin.

The first gleam of light which shows the intellectual and moral part of man's nature struggling with, and gaining some ascendancy over, mere brute instinct, ordinarily manifests itself in the minstrelsy of nations; and poetry, at once the harbinger and the minister of civilization, owes, all but universally, its young voice and early influences to the kindling and elevating effects—through the imagination—of aspirations for a future union with the object of our affections, which, by a happy constitution of our nature, become at once more pure and more energetic, as delay is interposed, and hope preserved.

The spirit of chivalry presents, perhaps, the loftiest tone of feeling and the most refined of manners which the history of mankind discloses. Of the foundations which supported it, what was so prominent and important as that species of adoration of the other sex, which, unless restraint had been put on the immediate gratification of animal passion, could never have existed. The elevation of woman to be the companion and the friend of life, the consequent increase of intensity of

affection, and holy esteem for the offspring of marriage; the refinement and courtesy of domestic manners; the polish, which humanizes and softens civilized man when compared with his brethren of the woods;—all these would vanish from society were the mere animal being again substituted for man:—for man, when forced to control, while he concentrates, his passions, is led to adopt feelings and manners towards the other sex which rarely fail to adorn and improve the intercourse he has with his own.

These effects of deferred and restrained passion on the imagination and the manners may appear to some far-fetched. They do not appear so to me. We may turn, however, to more homely, though hardly less valuable, results. Look around on society, and see what hopes and what feelings are animating and stimulating, and at the same time, controlling and guarding the pursuits and exertions, eminently of the most useful classes, and to some extent, of all the deserving classes in a nation. Professional men, who struggle for the acquirements and the intellectual power which will hereafter enable them to serve and adorn their country, and the young trading classes, who exert themselves in their respective callings,—what is the one great cause which impels them in their useful career, and makes them anxious and jealous of their honor and good name, and desirous of commanding the respect of those who may aid them in their progress in life? Is it not the hope of forming at some future day an establishment of their own, and of enjoying that domestic happiness, and those home

The restraint on the animal passion salutary.

comforts, which may place them in a position not inferior to that occupied by those who have preceded them. The necessity, then, of delaying the union between the sexes beyond the age of puberty, which the foresight and the wants of man make universal, is the source of a large portion of those habits and sentiments which elevate the imagination, and give energy and purity to the pursuits of nations.

Still some sexual vice, no doubt, accompanies this state of things; but the vice, be it little or much, is obviously not the check to population, but is one of the many consequences which flow from abstinence. We may lament this, but might expect it. Those dispositions which most ennoble the human character are all, in this state of trial, liable, when carried to excess, to lead to faults; but we cannot, on that account, conclude that their dominant influence is wholly vicious. Looking at all the consequences on human society of deferring the age of marriage beyond that of puberty, I am well convinced that its tendency to elevate the tone of feeling, to soften and purify the manners, and to impart energy, virtue, and good conduct among the ranks of society, is a good which in extent and importance far overbalances the evil which occasionally accompanies it. Let me not, for a moment, be misunderstood as underrating the evil. Independently of its moral and religious turpitude, the prevalence of such vice has a tendency to destroy all the good effects of virtuous abstinence, to degrade women, to lessen the general respect for the sex, and to weaken all the motives to good conduct which pervade society when

The vice occasioned by such restraint exceptional.

the lawful gratification of virtuous love is the source of hope.

Avoiding, then, any such division of the checks to population which would represent unmixed vice as the sole restraining agent, whenever we cannot predicate the impeccable virtue of the classes who marry late, or not at all, and dividing the checks to population into *misery*, *vice*, and *voluntary restraint*, I shall touch on each of these sufficiently to get a view of their action upon the fluctuations in the number of the people.

The action of misery in keeping down the numbers of nations is, unhappily, much more extensive than at first sight may appear. The numbers of persons dying from absolute want in a civilized society is, fortunately, small; but, as a check to population, misery includes the privation of anything necessary to maintain the most healthful state of existence; and, in no country in the world, has the bulk of the people ever been in possession of all that is necessary to maintain that state;[1] that is, there is no country in the world, in which the mortality among the laboring classes is not greater than among the easy classes, although the privations which the latter undergo are not always of a nature which could properly be described by the word *misery*, if we were speaking of anything but the rate of mortality. Thus, in England, the people are generally considered to be better clothed, fed, and sheltered than in any other considerable district

Misery considered as a check must be taken in a wide sense.

[1] The respective quantities of good and evil, of virtue or of vice, produced by the prevalence of voluntary restraint, either on human society at large or in the case of particular countries, form a distinct branch of inquiry, and one which I have no intention of more fully developing here.

in Europe. Still, in England, the investigation and experience of the insurance offices have demonstrated the fact, that the rate of mortality among the whole population is very considerably greater than it is among the classes who are in good circumstances. In Paris, it has been stated, on good authority, that the same circumstance came to light in a different and somewhat remarkable manner. It was observed that the different rates of mortality, in different districts of the town, were such as the medical men could not account for from any apparently likely causes, such as elevation of soil, dryness, or damp, etc. It occurred to some one to examine what each district contributed to a body of taxes, called the *droits reunis;* and then it appeared at once that, in the districts in which the inhabitants were in good circumstances and contributed the most, the deaths were comparatively few, while in the poorer districts they were more numerous. It is obvious that, until nations attain a condition in which the body of the people are in as complete possession as the superior classes are of all that is necessary to maintain the most healthful state of existence, *misery*, in the sense in which it is here used, that is, when spoken of as a check to population, will always be a cause why the numbers of the people do not increase as fast as they might do, were they in better circumstances. It is perhaps unfortunate that the term *misery* was originally selected to denote this check. It does not imply positive suffering, and is constantly operating among masses of people, who, to all eyes but those of the inquirer into the causes of different rates of mortality, might appear to be in possession of an un-

usual degree of prosperity and comfort. Such privations as we are speaking of act, no doubt, on the progress of population, by weakening the constitution, making men less able to bear up against epidemics or ordinary diseases, and, above all, by increasing the mortality among children. Their constitutions are naturally the feeblest. Privations of any kind affect them more dangerously, and have thus a tendency to destroy large portions of the population before they attain the age of puberty.

But if privations constitute one great cause of mortality, a comparatively smaller rate of mortality in any nation is a satisfactory indication that the privations to which the body of its people are exposed is comparatively small. It is satisfactory to know that, in this respect, England stands high, if not the highest, among the nations of the world. Of her population, not more than one in forty-five die annually. When Malthus first published his work, in 1798, one in thirty-six was the ordinary rate of mortality on the continent. The continental nations are improving in this respect; but the population of England, tested by the above indication, is still far a-head of them in comforts.

Vice must likewise, as a check, be interpreted in a very extended sense.

Vice, too, must be taken in a somewhat extended sense, when enumerated as one of the three great causes which include all the checks to population. It must be assumed to mean every *voluntary* habit by which, first, the number of deaths is increased and the rate of mortality made greater, and secondly, the number of births is decreased. The influence of vice acting in the first manner is considerable.

There can be no doubt that the enormous consumption of ardent spirits by the British population has a tendency to impair the constitution and diminish the average duration of life in a portion of the community. Other habits of vicious indulgence will occur to the reader. But to range under Mr. Malthus' three heads all the checks to population, we must include under that of *vice* many habits which it rather startles one to hear called by that name. It surely seems hard measure to call a man vicious who neglects to take exercise, indulges in diet he knows does him harm, or overworks himself, without the plea of necessity, in his business or employment; and yet these habits do as much, or probably more, to multiply the number of deaths and increase the rate of mortality than many of the vices, ordinarily so called, which lead to the same results.

The phraseology of a writer who is so completely the father of his subject as Mr. Malthus, ought never to be lightly interfered with; but it has often occurred to me, that on the whole subject of Population we should gain in clearness of conception and avoid exaggeration, in some moral questions, if we were to get rid altogether of his threefold division of the checks, and separate them into two classes, consisting, first, of the causes which increase the number of deaths; and secondly, of the causes which diminish the number of births. Portions of misery and vice would be found in each division, but their nature and extent might be fairly pointed out and estimated. We need do no violence

The causes of increased deaths and those of diminished births would have been a preferable division of the checks to population.

to language, in order to range, under these disastrous terms, things not usually included in them; and we should thus avoid extending their meaning beyond their ordinary popular sense. In these pages, however, I shall adhere to the divisions of Mr. Malthus, substituting only, as I have before proposed, the term *voluntary*, for that of *moral*, restraint.

The age of marriage, even among the most savage nations, never coincides with the age of puberty. The foresight which enables man to look forward to the probability of not being able to command the necessaries of life,—food and shelter, leads at once to a habit which distinguishes the intellectual being from the brute creatures which surround him. This necessity, too, of commanding appetite, while the affections grow and gain strength in the struggle, gives birth at once to a tone of mind, and imparts a stimulus to the imagination, which are the first germs of the manners and the literature that are, at a future time, to adorn and illuminate the abodes of civilized man. As nations, however, advance from the lower stages of civilization to the higher, causes multiply which make the foresight of future privation a more powerful motive to abstinence from early marriage, and extend the habit of such abstinence over a larger portion of the population. Men not only look forward to the gratification of those great primary wants which are necessary, and which prevail even in the rudest state of society, but a number of other wants become known, of a more refined and elevated character. We will call the wants of these objects which are necessary to maintain existence, *primary* wants; and

the want of all other objects useful and agreeable to man, *secondary* wants.

Secondary wants increase the motives to prudence—

As secondary wants multiply among the different classes of society, motives to prudence in regard to marriage multiply with them. The weights are increased in one scale while those in the other continue stationary. Each additional want creates an additional motive to forbearance, while the impulse towards marriage remains the same.

So much might probably have been assumed *à priori*. The influence of this fact on the frequency of marriage and on the progress of population will appear at once, if we observe with some attention the habits of different ranks and classes in the same nation, or of the same rank in nations which have arrived at different stages of wealth and refinement. The English agricultural laborer usually marries as soon as he can earn the full wages of day labor. Complete or protracted celibacy is very rare in his class. Accustomed to the gratification of few wants beyond those of a primary character, as soon as he sees a chance of satisfying these, he marries. A step higher in the scale the case is different. The artizan or small dealer is familiar with habits that gratify tastes of a somewhat more refined and costly character. He aspires to be better fed, better lodged, and better clothed; and seeks some enjoyments beyond mere food and shelter. If he is permanently to maintain the habits he has been accustomed to, he must abide the time when some portion of property and an opening in his business may permit him to establish himself. This class, therefore, marries later. Instances of celibacy in both sexes

are more common as we advance somewhat higher. If we look at the liberal professions, we shall find voluntary restraint arising from a multitude of cherished objects which would be sacrificed by an imprudent marriage. Even in the very first circles of society, where the fortunes of the individual members enable them to command in abundance all possible comforts and luxuries, the desire of station and influence are found sufficiently powerful to control the habits and the natural desire for marriage union. Among them celibacy is, perhaps, more common than it is in any other rank. Among all the classes we have been glancing at, it is the multiplication of the means of commanding comforts and luxuries which forms the real check to the multiplication of the people, and not the want of mere food and necessaries.

they are a real check to population in the higher classes—

To observe the same truth in its application to the laboring masses we must examine the habits, not of different ranks in the same country, but those of the same rank in different countries. The English agricultural laborer, as we have observed, when he can command the means of satisfying his primary wants of food, shelter, and clothing, seldom delays marriage; but then he is accustomed to satisfy those wants by a better description of food, clothing, and shelter than the laborer of other countries; and this superiority performs the function of secondary wants with which he is not wholly unacquainted, and prevents him from surrounding himself with a family as recklessly as persons of the same

and reach in some degree to the lower classes—

rank would do in countries less prosperous than his own.

Unhappily, Ireland always presents itself too readily for comparison in this respect. The Irishman who inhabits a cabin, which, to English eyes, seems wholly unfit for human habitation, and subsists in it on potatoes, notoriously marries more recklessly, earlier, and more universally than the English laborer; and, by the common consent of all who have given testimony on the subject, he marries the earliest and the most recklessly in those districts in which his real wages—his means of subsistence—are the least.

Throughout the whole mass of human society, therefore, it is the multiplication of the means of comforts and of enjoyments which, during the career of nations, is the great efficient cause which prompts men voluntarily to refrain from the greatest possible exercise of their power to increase their numbers; and in proportion as wealth increases and spreads throughout the nation, the motives to, and habits of, such voluntary restraint acquire a stronger influence over the progress of the population. The reader, to whom it suggests itself that some vice will accompany the prevalence of such a check, will recollect that the vice itself is not the check, but an incidental and partial consequence of it; and that if this restraint over the legal union of the sexes brings with it spots of vice, it brings also in rich abundance a long train of feelings and habits which contribute the most to invigorate, adorn, and elevate the manners and the intellect of nations.

they increase as wealth increases.

We proceed to apply these principles to the investigation of the probable effect and ultimate results of fluctuations in the amount of the real wages of labor.

ON THE EFFECT OF FLUCTUATIONS IN THE REAL WAGES OF LABOR ON THE MOVEMENTS OF POPULATION.

The laboring population are usually spoken of as a homogeneous mass: and the measure of their means is taken from the condition of the lowest rank amongst them, whose wages are assumed to be the wages of the whole. This is not strictly true as to any country, and is very wide of the truth as to England. If we make allowance for the temporary depression of particular trades and callings, the agricultural class subsists on the lowest wages, but the agricultural class does not include one-third of the population. The means of the other two-thirds must be measured by a somewhat higher standard, and, as to no inconsiderable part of those two-thirds, by a very much higher standard. But further, when speaking of the progress of population, its movements are frequently reasoned upon as if they depended wholly on changes in the rate of wages. This again is not correct; for various causes, moral and physical, besides changes in the rate of wages, may contribute powerfully to influence the tendency of population to increase or decrease more slowly or more rapidly at different periods of its existence.

After premising thus much, it must, however, be readily admitted that the laboring classes constitute

the bulk of all nations, and that their tendency to increase or decrease their numbers is the main cause of the changes that take place in the amount of the populations of different countries. Again, although changes in the rate of wages are not the sole cause which impart a tendency to increase or decrease the numbers of the laboring classes, such changes in the rate of real wages are the most prominent and influential of all the causes which communicate such an impulse. We have, therefore, to inquire into the influence on the movements of the population of changes in the rate of wages taking place under different circumstances.

Changes in the rate of wages have the most influential effect on population.

There is one possible position of the laboring classes, in which any change in one direction, that is, a decrease in the rate of real wages, must have one invariable effect. If a people are at the *minimum* of what will support existence, any decrease in the real wages of their labor must be followed at once by increased mortality and a diminution of their numbers. We have the testimony of Turgot, that, while he was superintendent of the Limousin, a part of the French population was then in that condition. I somewhat doubt the correctness of the fact, in spite of the authority on which it rests, and I know of no other instance of the kind. I wish it to be understood, however, that, to this state of things, none of the propositions I am about to lay down, apply; but, excepting in this condition of the laboring classes, every change in the rate of real wages may, when it takes place under different

When that rate is lowest, any diminution must diminish population.

circumstances, produce one of two opposite effects; that is, every increase of real wages may either accelerate or retard the progress of population; and every decrease may also either accelerate or retard that progress. For instance, let us suppose the wages of labor in England to be increased by one-third, no one doubts that this increase might give an impulse to population; that the multiplication of the people might become more rapid, and, after a time, the supply of labor in the market more abundant, compared with the demand for it, than it would have been had no such rise of real wages taken place. But then a contrary effect might also take place: the habits of the people might alter; they might lay out their increased wages on objects of more refined consumption; the number of their secondary wants might be increased. They might have further enjoyments in prospect, if they were prudent; more to sacrifice if they were the contrary: they would then approach nearer to the classes which were immediately above them. The age of marriage might be deferred; celibacy might become more common, the influence of voluntary restraint more potent, and then the effect of the rise of wages would have been to retard and not to accelerate the rate of their increase. The supply of labor would not, so far as the rise of wages was concerned, have a tendency to become greater than it would have been, had no such rise taken place; on the contrary, it might become less,—and that, in consequence of this very rise.

When wages are increased the population may or may not increase.

To take another instance. Let us suppose that, at

some future period, wages in Ireland should rise to the level of English wages. It is surely possible that the same, or a correspondent change, might take place in the habits of the Irish people; that they might be found marrying later; that they were more under the influence of voluntary restraint, and were increasing their numbers less rapidly than they do at present. What the main circumstances are which contribute to determine that the one or the other of these two possible and different results, of an increase of wages on the movements of the population, shall take place in any given instance, is a question which we shall presently proceed to consider.

When wages are reduced the population may or may not be reduced also.

But before we do this, it may be well to observe that any *decrease* of real wages among a people not reduced to the *minimum* of subsistence, may, when it takes place under different circumstances, be also followed by either of the two different results above adverted to; that is, it may either accelerate, or it may retard, the rate of increase of the people. Let us suppose the rate of English wages to be reduced to the Irish standard, it is clear that the decreased wages might be accompanied by a more rapid increase of their numbers. The population of Ireland has been, for some time, increasing more rapidly than that of England, and there is nothing in the climate or circumstances of England to prevent the English from increasing as fast as the Irish, on similar fare and with similar habits. At the same time, it will hardly be denied that an Irish rate of wages established in England

might be followed by a diminished population, and, after a time, by a diminished supply of labor. It is enough for my present purpose, if it be admitted that each of these opposite results is possible. Under what circumstances the one or the other would be the probable result is, once more, the question we have to consider.

These different results are dependant on the effects of changes in the rate of wages or the habits of the people.

In attempting to point out the circumstances which contribute to determine whether changes in the rate of wages shall affect the *numbers* or the *habits* of the people, I am quite aware that my enumeration of them is likely to be incomplete. The inquiry is, I believe, new; and it will be difficult to discern at once all those delicate springs of action which unite to form the motives and fashion the habits of nations, in this particular. Some of the most prominent circumstances and the most decidedly influential may be at once named and explained. I shall confine myself to seven; they are as follows, viz.:

1st. The *form* in which wages reach the hand of the laborer.

2nd. The *time* consumed in effecting any given change in the rate of wages, or the slowness or rapidity with which it is effected.

3rd. The *abundance* and *cheapness*, or the *scarcity* and *dearness*, of commodities suited to the gratification of secondary wants.

4th. The *presence* or *absence* of numerous gradations in the rank and wealth of the population.

5th. The difference in the social and political posi-

tion of countries, such as the *facility* or *difficulty* of investing property or of moving upwards in rank.

6th. The *influence, or want of influence, of parents* in determining the age of marriage of their children.

7th. The *knowledge* or *ignorance* of the laboring classes; in other words, their education or the absence of it.

I have named these in what I conceive to be the order of their power, the most influential first, the least so last. Whether I am right in that order is, however, a matter of small moment, if I can show the reader in what manner each of them contributes, and how it contributes, to determine what shall be the ultimate result of fluctuations in real wages on the numbers of the people and on the supply of labor.

The form of wages is the chief circumstance affecting those habits.

First, as to the form of wages. The laboring population of the globe, it must be observed, is divided into three great classes, which obtain their wages from different sources, and ordinarily in different forms.

[The first two of these classes are *laboring cultivators* and *paid dependants*, as already described.]

The third division of the laborers of the earth consists of persons who receive their wages out of *the capital of their employers*, or out of a portion of wealth which has been saved or accumulated. Taking the world at large, this division of the population is comparatively very small. In our own country, however, and in that almost alone, these hired workmen form by far the most important part of the laboring population: it comprises not only the workmen in the employ of

our manufacturers and master workmen, but likewise the whole, or nearly the whole, of our agricultural laborers.

There are two prominent circumstances affecting their positions and fortunes, which broadly distinguish this class of laborers from both unhired laborers and hired dependants. In the first place, the whole fund from which they are paid is a fund which has to be saved, which goes through a process of accumulation with a view to profit; and, as their numbers increase, it is necessary for their continuous prosperity that the community, of which they form a part, should save and accumulate capital at least as fast as they are multiplying their numbers. This is not the case, either with unhired laborers or hired dependants. The formation and existence of the funds on which they subsist, has little or no connection with the power or disposition of society to save and accumulate. The wages of the unhired workman never exist in any other form than that of a stock destined for immediate consumption: what he produces in the year he consumes in the year; his existence and welfare are quite independent of the savings of any part of the community. The funds, likewise, on which the hired dependant lives, go through no process of saving; his subsistence depends not on the economy and accumulation of the class which employs him, but on their expenditure for the purposes of immediate enjoyment.

The next circumstance which distinguishes the position of the hired workman from that of the unhired laborer and paid dependant is this: the hired work-

man is employed with a view to profit. His continuous employment may be, and is generally, dependant on the existence of a demand for the products of his labor other than the demand of his immediate employer; that is, there must be a market for the commodities he produces, or he must cease to produce them and to receive his wages. His condition and livelihood are affected by fluctuations in the taste and consumption of the most distant parts of the world.[1]

In reference to the seven circumstances I have enumerated, as contributing to stimulate or to check the progress of population during fluctuations in the rate of wages, or to any other causes that may lead to the same results, there are two questions which it is very desirable we should be able to answer, and which, in the present state of our knowledge, we can answer only imperfectly. First, what is the greatest amount of force these circumstances can jointly exert? Are they sufficient, when acting in one direction and under the most favorable circumstances, to keep the population stationary in numbers? and, if not, to what extent can they retard the rate of increase in wealthy nations? Secondly, what is the relative force of each of these causes? and, if we find them acting in different directions, to what extent will they balance and control each other?

[1] No remarks followed on the other six circumstances alluded to. The few remaining pages of the MS. book were in blank. What follows was taken from another book, the commencement of which was the only guide to the connection between them.—Ed.

Now to neither of these questions are we in a position to return a positive answer. Such an answer can only be given after a very careful and extensive induction from facts; and that induction the nations of the world can hardly be said to have begun. In the absence of such induction, I am inclined to the opinion (and I am aware what a mere opinion is) that, in a society where all the circumstances favorable to voluntary restraint, or even the most powerful of them, are acting in conjunction, the very prosperity of a people, the abundance of their comforts and the elevation of their habits, may lead to a rate of increase, in which the births may not more than balance the deaths. There is nothing so very violent or improbable in such an effect being produced by mere voluntary restraint. When Malthus published his second edition, half the English population lived to marry, and the number of births to a marriage amounted to four and a quarter. It is obvious, therefore, that, if the births had been four only, instead of four and a quarter, the population would have been stationary. There is, therefore, nothing very improbable in supposing that, under favorable circumstances, the age of marriage might be so retarded and the cases of celibacy so increased, that the number of births might be reduced to four. The fraction by which they exceed the deaths in a population increasing rapidly, is never so great but that a combination of causes, acting with no great force, on the whole number of births, may very well make the fraction in excess disappear. The retardation

The equality of of births and deaths probable where circumstances are favorable to voluntary restraint.

of the age of marriage, which is the constant result of the multiplication of secondary wants among the body of the people, diminishes the number of births from two causes. It multiplies the cases of celibacy, and it makes the existing marriages, as a whole, less productive. In the case, indeed, of couples living and continuing healthy, the number of births to each marriage would probably be little, or at all, affected by a moderate retardation in the average age of marriage. But suppose that age at one time to be twenty-one, and at another time to be twenty-five, all the persons who were producing births from twenty-one would not live and continue healthy till twenty-five. A proportion, we know, would die between these ages, and another portion might, at the latter period, be attacked by disorders prejudicial to births, which disorders they had escaped up to that period. So, too, in the case of retarded marriages, the period of child-bearing is extended. Let the average of that period be ten years, then, when the age of marriage was twenty-one, it would last to thirty-one; when the age of marriage was twenty-five, it would extend to thirty-five. But between the ages of thirty-one and thirty-five there are a certain number of deaths; and a certain proportion of marriages will not, therefore, produce the average number of children when the age of marriage is twenty-five, which they would have produced when it was twenty-one.

A retardation of the age of marriage has also a tendency to multiply the cases of celibacy. At twenty-five persons have more forethought and prudence than

at twenty-one: fewer reckless and imprudent marriages would then take place. The chances of life and of the world would prevent others from marrying; and of those who were so prevented, some would not marry at all.

Against the probabilities which such arguments or insulated cases offer, it may, however, be said that they afford no sufficient foundation for any firm conclusions on the subject; and it may be alleged, with some plausibility, that the case of England alone is sufficient to confute any favorable views as to the probability of the laboring population controlling their powers of increase: that here wealth, artificial wants, and political independence, have done their utmost, and yet that the rate of increase has been such as to show that a like rate of increase, if continued for some centuries, must reduce the most flourishing nations to difficulties and sufferings.

The case of England, however, is one from which no valid inference can be drawn as to the probable habits of the population in other countries running a similar career of prosperity. In her case, neither all, nor the principal, causes which influence the progress of population have been acting in the same direction. On the contrary, many of these causes, and those important ones, have been acting very unfavorably. We shall see hereafter that this unfortunate circumstance is by no means a necessary concomitant of her economical position, or of the peculiar development of her productive powers, or position of her productive classes; that other countries following, in all respects, the career

of her industry, may escape many of the evils, while they reap all the good, that has attended her own progress. We shall see, too, I hope, that in a happier futurity what is deleterious may be eliminated, what is wholesome strengthened, in the moral causes which determine the condition of her laboring population and the progress of their numbers. But the development of these views belongs to another part of the work, and, in the meanwhile, I would observe that the example of single nations, like that of England, can never conduct us to safe general conclusions. It is by one common and laborious process alone that we can approach wide and secure truths, when we are striving to know the results of various causes acting, not on individuals, but on bodies; and that process is long, steady and comprehensive observation. Our common nature, and our consciousness, may enable us to guess what will be the result of circumstances acting on individuals situated as we ourselves are situated, or even, perhaps, as some one individual is situated whom we intimately know and can narrowly observe; but, beyond that, the power of reasoning and guessing at the results of moral and political causes becomes illusory, and the attempt to exercise it perilous.

Average results can only be obtained from long experience.

When we would seek for average and constant results of such causes among large bodies of our fellow men, we must labor to observe and obtain those results from experience. What precise number of births shall follow a particular marriage, or what number of deaths shall occur among a dozen of our acquaintance, we know we

cannot say; but extend the observation to bodies consisting of millions, and the average number of births or of deaths are facts which we find we can foresee and calculate and act on with safety; and thus it is that the researches of the statesman, practical or philosophical, and the processes by which he arrives at general truths, are brought within the dominion of the same general laws as those which direct and reward the patient researches of the physical philosopher. It is with nations, and not with individuals, that he has to deal; and that he may interpret the causes which regulate the fortunes and destinies of nations, he must watch and record and compare events, and abandon, as a vain thing, a rash reliance on the unassisted powers of his intellect to discover, by reasoning and argument, those moral causes by which the course of events is regulated among large bodies of men with a certainty no less unerring than the motions of the planets, or any of the phenomena exhibited by the material creation.

No such experience has yet been obtained

Now, on a career of research, such as I have been indicating, the nations of the world have hardly yet entered. Of the trains of observation which must be the foundation of political truths of the class we are now contemplating, some must partake of a secular character. What effect time and form and artificial wants, and the influence of education, shall have on the movements of the population, cannot be observed in a day; and, if our observations are confined to one people, many ages must elapse before we have opportunities of discerning the

effect of these causes in modifying the results of changes in the rate of wages. Politicians are too eager for immediate results, too much engrossed by the influence of passing events, and the desire of commanding the obedience or belief of the generation amidst which they live, to apply themselves steadily to the collection and observation of facts which are to guide the conclusions and the conduct of men at a distant time.

It would require patience and continuous labor,

Yet the history of other branches of knowledge teach efficiently, we should think, both the necessity and the rewards of patience and continuous labor, when great and wide truths are to be approached. In astronomy, the most perfect of sciences, predictions of celestial phenomena are assisted by observations which are the results of the successive labor of many generations: none have been in vain. A philosophical union of humility and hopefulness will lead men to mistrust the importance, in the promotion of knowledge, of the results of their individual observations, and to rely, with firm confidence, for the discovery of general laws on the gradually increasing power of the united efforts of our race, extended through large intervals of time and space. Such mistrust and hopefulness form the very articles of faith which the father of inductive logic strove the most strenuously to inculcate; and in no one of these comprehensive fields of human knowledge, which depend for their progress on extensive observations (not experiment), will mankind advance to great discoveries till such a faith has led to extensive practice.

If, however, a spirit of statistical inquiry were fully spread over the globe, if the same phenomena were observed simultaneously in all the more civilized countries, with a common perception of their bearing on political questions, no very long period would elapse before such observations afforded the grounds for safe and useful conclusions. We could not, if confined to one country, observe, except during a long interval of time, the effects of different forms of wages on the movements of the population; but simultaneous observations carried on in England and throughout the continent, noting carefully the results of fluctuations in real wages where different forms of wages prevailed, would put us in possession of at least one element for such a calculation. It is true that regard must be had to the influence exerted in each country by the causes already enumerated, and by other causes acting at the same time with the former; and this would be difficult,—but the road to truth is always difficult.

and statistical inquiries in many countries.

Such observations, widely carried on and steadily continued, will enable us to note the results in the presence or in the absence of each of the causes of which we are seeking the force. After an accumulation of such accumulations, we shall have completed that "*inductio quæ ad inventionem et demonstrationem "scientiarum et artium erit utilis, et quæ naturam repa-"rare debet per rejectiones et exclusiones debitas.*"

I believe that, by extensive and continuous observations of this kind, may be detected the relative effects of the causes I have enumerated, as determin-

ing the influence of changes in the rate of real wages on the movements of the population. And then, the circumstances of any given country being thoroughly known, the effects of any such change in retarding or accelerating the population may be anticipated with some approximation to certainty. It may appear improbable that such united researches shall take place; yet this is only so because men do not see that political knowledge, ranged under general principles —that is, *political science*—is attainable by the very same efforts that have spread so wide the dominion of *physical science*. When men perceive clearly and distinctly that they may approach by the same species of effort wide fields of truth in each, it is difficult to believe that they will always continue to prefer the labors which lead to a knowledge of inanimate nature, or the brute creation, to that nobler knowledge which unfolds the causes of the fortunes of nations and constitutes a power which, once developed, must exercise a commanding influence over the character and happiness of mankind.

Political science must be acquired by the same methods as physical science.

I have explained my own views of the next step to be taken, by enumerating acting causes and pointing to the observations which must determine their relative force and greatest amount of joint influence. I have likewise stated that circumstances which I have not enumerated contribute to the general effect, and ought to be added to the list I have given. I shall be glad to see such additional causes and their forces detected by the acuteness and industry of others; and it is a labor well worth the attention of all who are

disposed to enter vigorously on the task of enlarging the bounds of knowledge in this branch of political philosophy. In the meantime, and till such researches are made, my own observation would lead me to believe that their relative strength will be found to be pretty correctly indicated by the order in which I have placed them. I have a fuller and more distinct belief that *time* and *form* will be found to be permanently the most influential of the seven.

A SHORT TRACT

ON

POLITICAL ECONOMY

INCLUDING SOME

ACCOUNT OF THE ANGLO-INDIAN REVENUE SYSTEMS.

[For the convenience of the reader, a paged Index to the subjects treated of in this Tract is inserted at the end.]

A SHORT TRACT

ON

POLITICAL ECONOMY.

THE subject-matter of Political Economy is the Wealth of Nations. Wealth consists of such material objects as are voluntarily appropriated by mankind. There are immaterial things which might reasonably seem to come within the scope of the denomination, wealth,—such as reputation, personal or mental accomplishments, etc.; things, however, of which the production and the distribution are without the limits of human investigation: it is only of wealth constituted by material things that Political Economy treats.

Some have cast a reproach on Political Economy, as conversant only with the vulgar things of the material universe, and as excluding from its view what relates to men as moral and intelligent beings; but none will entertain mean ideas of its importance who are aware of the influence which men's physical condition exerts upon their moral and mental frame, or who have observed, in the history of nations, how knowledge and religion invariably keep pace with the march of social prosperity and of civilization.

A science consists of general principles. The science of Political Economy consists of those general principles which regulate the production and distribution of wealth.

A general principle is one common to a great number of facts and circumstances.

To discover, then, the principles of Political Economy, it will be necessary to examine all the facts and circumstances connected with the production and distribution of wealth.

Theory and fact are often represented as opposed one to the other; but, strictly speaking, theory is the result of an examination into facts, and is never opposed to fact, even in appearance, except when it is fallacious, in consequence of the examination having been imperfect or hastily conducted.

The principles which determine the position and progress and govern the conduct of large bodies of the human race, placed under different circumstances, can be learnt only by an appeal to experience. It would be absurd to suppose that any one, by mere efforts of consciousness, by consulting his own views, feelings, and motives, and the narrow sphere of his personal observation, and reasoning *à priori* from them, could anticipate the conduct, progress, and fortunes of large bodies of men, differing from himself in moral or physical temperament, and influenced by differences, varying in extent and variously combined, in climate, soil, religion, education, and government.

It may, however, be laid down as a fundamental principle, that, although individuals often act differently

in similar circumstances, yet bodies of men, for the most part, act alike in similar circumstances.

The objects of Political Economy are, as has been intimated, 1, Laws determining the production of wealth; and, 2, Laws determining the distribution of wealth.

A law is the uniform result of any cause, known or unknown. Unknown causes are not the less causes for being unknown, as, *e.g.*, what we call gravitation.

For the sake of convenience, we shall reverse the mode of investigation which a strict philosophy would enjoin, and shall first state the laws and then establish them by the facts of Political Economy.

There are three causes which determine the productive power of the industry of nations:

1. The continuity with which it is exerted.
2. The skill with which it is directed.
3. The power by which it is aided.

Of course, the primary sources of all material wealth are the earth and the elements. Human labor gives to wealth the various shapes in which it appears; in other words, it elicits and fashions it. Hence it follows that the production of wealth depends upon the productiveness or efficiency of labor.

In the earliest stages of society, the quality of the soil affects the production of wealth; but, in the later stages, when the other causes come into play, it affects it in a degree so small as to be inconsiderable. Thus the fertile country between the Andes and the Atlantic is not made to produce anything like what the poor land of Great Britain yields to industry, continuous, skilfully directed, and powerfully assisted.

The advantage of continuous over desultory labor is strikingly evinced by a comparison of the products of English and Indian manufactures. It also appears in the agriculture of nations in the different stages of civilization; for, amongst rude people, ignorant of the artifice of a rotation of crops, the work of agriculture is confined to the seasons of seed time and harvest. To it in part it is owing that, in England, one laborer is able to produce food for himself and for rather more than two other persons, while on the continent it is estimated that two laborers produce food for themselves and one other.

Nor should the influence of continuity of labor, and of any other cause increasing the efficiency of labor, be overlooked or underrated in its bearing upon the progress of nations in civilization. When men are so ignorant and clumsy that all their exertions can but scantily provide them with the means of subsistence, it is impossible that they should at all cultivate those arts which raise societies out of the depths of barbarism, and bestow comfort and enjoyment upon life. If an association of six persons are maintained by the agricultural labor of two out of their number, there are left four who may employ themselves in other ways, usefully to the body at large, in making clothing, or habitations, or tools, etc. Now, if four of them were laborers upon the ground, and but two engaged in non-agricultural business, it is plain that their condition would be far worse and proportionately less susceptible of improvement.

To attempt to demonstrate the value of a skilful

direction of labor would be a waste of time; for none will question that a man of ingenuity, experience, and knowledge is likely to make more out of his materials of wealth than one who is untaught, unpractised, and stupid.

The last cause is by far the most important of the three assigned, as determining the productive power of industry. In the rudest state of society, the hands are the aiding power. The next advance which men make is to the use of a plough, which, in its simplest form, is a crooked stick, and then a piece of iron, edged so as to tear up the ground. This advance is a very great one, but still leaves us at a vast distance from the perfection attainable in agricultural machinery; for, between a modern and a primitive plough, there is a far greater difference in respect of auxiliary power than between a primitive plough and a human hand; between the plough used by Englishmen and Scotchmen, compared with that of the Hindoo, or of the Chinese who harnesses to it his wife and his donkey, than between the latter compared with the savage's fingers. Recourse is had, in progress of time, to mechanical powers, of which that of the lever is the first that is employed to assist labor, as it is found working in the handmill. Another step conducts to that point where the power of the elements of wind and water is laid hold of and brought into subservience to humankind. It may be noticed, cursorily, that of these two elements wind is less certain and less manageable; but, of course, water is not to be found everywhere. And, in our own times, science has brought

into play powers yet mightier and more tractable, whose achievements have struck the public mind with astonishment. It is unnecessary to do more than allude to the chemical powers,—to the elementary gases, to steam, to galvanism, and even common air, under processes of compression.

Capital is a portion of wealth which has gone through the processes of accumulation, and is used for the purpose of further production. It is to be distinguished from that portion of wealth which, as soon as acquired, is consumed, and is neither saved nor expended in new production. Thus, to employ a homely illustration, an Irishman's potatoes which he eats as soon as they are ripe, cannot be called capital.

Capital is of two kinds:

1. That which is used in paying wages;

2. That which is used, in any other way, to aid the productive powers of labor; and is therefore said to be, specially, auxiliary capital.

It must be explained that the word production is here made to bear a wider meaning than in common speech. An article is not considered to be completely produced until it is placed in the hands of the person who is to consume it. Thus tea designed for English consumption is not said to be produced till it has been conveyed from China, through the mediation of different individuals and through the instrumentality of auxiliary capital in various shapes, to the English purchaser who means to consume it. It is plain that if the tea-merchant, instead of transmitting it from China to England by such mediation and instrumentality, were forced to

send it in his own cart to Canton, and then to buy a ship in which it might be carried to England, and, in short, to take it himself, and with his own means, to its ultimate destination, he must apply to this end a very large portion of the capital which otherwise he would employ for the purpose of production, and which can be attained at a comparatively trifling expense to himself by the auxiliary capital of others, who derive emolument from such an employment of it.

The functions of capital in increasing the efficiency of labor, by rendering it more continuous, skilful, and powerful, will now come under our consideration. And first we shall speak of capital used in paying wages.

In countries poor in capital, a portion, more or less large, of the laboring population are unhired and self-dependent. The continuity of their labor obviously depends upon the continuity of their custom;—a remark applicable, too, to those who, in the thinly inhabited districts of the East, ply every chance traveller for custom, and are one hour at work, and idle the next. On the contrary, in countries rich in capital, the laboring population being for the most part hired, are subject to the vigilant eye of their masters, and are not permitted to relax their diligence. Capitalists, too, have another advantage over unhired laborers, in being able to afford to keep their goods for a time,—in not being dependent for their livelihood, or for the prosecution of their work, upon the immediate sale of their goods. From the first of these circumstances, by a direct consequence,—from the second, by an indirect one, it results

that the labor of hired is more continuous than that of unhired laborers.

Again, an unhired laborer, whether agricultural or non-agricultural, performs every part and every process of the work himself. The capitalist, on the other hand, can introduce into his concern the principle of the division of labor, which not only renders the labor of his dependants more continuous, but bestows upon them that skill which is the result of habitual practice.

It appears, then, that the functions of capital used in paying wages, in respect to increasing the efficiency of labor, are to render labor more continuous and more skilful.

We have now to speak of auxiliary capital.

It has been shown before, by a lengthy illustration, how auxiliary capital assists the production of labor. It provides machines — and, be it remembered, that railroads and canals, etc., are machines, as well as ships and coaches and mills, etc., though of a larger size— by which mechanical, elemental, and chemical powers are, as it were, violently forced into servitude to their rational lord.

The function of auxiliary capital, therefore, is to render labor more powerful.

Having considered the causes determining the productiveness of labor, and, by consequence, the production of wealth—having also considered the functions of capital in respect to those causes—it will be proper to observe, with a view to discover the causes determining the distribution of wealth, among what classes of a country's population wealth is primarily

distributed. It appears to be distributed primarily among three classes:

1. Laborers who receive wages.
2. Owners of capital who receive profits.
3. Owners of land who receive the rent of land.

In other words, national wealth is primarily divided into wages, profits, and rents. Thus it is *primarily* divided; but subsequently, in the progress of civilization, a large mass of incomes presents itself to our view, derived from these primary sources, and shared by numerous classes of professional men of various callings.

It is obvious that the distribution of wealth must have a vast influence upon the whole economical condition of society. An acquaintance with the laws by which it is regulated is absolutely essential to the right solution of fiscal problems and to the understanding of the true principles of taxation. This subject, too, is intimately connected with the subject of exchanges and the functions of exchanges in promoting the wealth of nations, a subject assuredly of no mean importance, but of which, however, the importance has been considerably overrated by certain writers, who have represented it as of wider extent and interest than any of the others. This delusion had its origin in an abuse of language and an imperfect examination of facts. The authors of it defined wealth as consisting of all commodities of an exchangeable value, and by a natural though fallacious inference, deduced that exchanges were the main subject of Political Economy. One of their number even

attempted, though unsuccessfully, to re-christen Political Economy with the name of the Science of Catallactics. But it requires little reflection to perceive that there are many articles of wealth which are consumed by the producers, and never become the subjects of exchange; and, therefore, that a portion of the wealth of nations is excluded from the view of those who confine Political Economy to the study of exchanges. Again, observing that wealthy persons possessed a great deal of money, they concluded that wealth consisted in bullion, and that foreign commerce was the means by which nations became rich. They overlooked the simple truth, that *that* must be as good as silver and gold, for which men are willing to give silver and gold in exchange. Exchange may alter the form, but cannot increase the quantity of wealth.

From this digression we return to take a survey of the condition of the laboring population of the world. It will be found that the motives to industry, which operate in different communities, depend upon the relations which connect the classes of those communities.

That portion of wealth which is devoted to the maintenance of labor is called the Labor Fund.

The laboring population of the world may be, generally, divided into,

1. Unhired laborers, who are paid by self-produced wages: these are nearly all agriculturists.

2. Hired dependants, paid from revenue expended in wages: this class comprehends, besides artisans,

1. Menials, paid from the income or revenue of their masters; and,

2. Soldiers, sailors, public officers, etc., paid from taxes, which constitute a part of the aggregate income or revenue of the community.

3. Hired laborers, paid from capital: this class includes tradesmen generally and the remaining agriculturists.

The proportions of these classes vary in different countries. Probably, half the population of the world belong to the first class. In England, the last class forms nearly half the population: in some countries, the population are passing more or less slowly from one state to another.

We shall examine the condition of each of these classes, and first of unhired laborers: these are generally, either, 1. Tenants; or, 2. Hereditary occupiers; or, 3. Proprietors.

We shall speak of them in the order of this subdivision.

A few words, by way of preface, respecting the origin of rent. In the actual progress of human society, rent has usually originated in the appropriation of the soil, at a time when the bulk of the people must cultivate it on such terms as they can obtain, or starve, and when their scanty capital of implements, seed, etc., being utterly insufficient to secure their maintenance in any other occupation than that of agriculture, is chained to the land with themselves by an overpowering necessity.

TENANTS.

Those classes of tenants who form a part of the laboring population of the world, may be called peasant

tenants, using the term peasant to indicate an occupier of the ground who depends on his own labour for its cultivation. Three such classes may be distinguished: 1. Serfs; 2. Metayers; 3. Cottiers.

1. *Serfs.*

The origin of serf or labor-rents is this:—

In the early and rude stage of society, the expedient used by landed proprietors to get rid of the task of raising food for their laborers is as follows: — They set aside for their use a portion of the estate, and leave them to extract their own subsistence from it at their own risk; and they exact, as a rent for the land thus abandoned, a certain quantity of labor to be employed upon the remaining portion of the estate, which is retained in their own hands.

This state of things is found in the Society Islands; and similar arrangements exist in some of our West Indian islands, between the negroes and the owners of the estates to which they belong.

But it is among the nations of Eastern Europe that labor-rents prevail most extensively. In the countries westward of the Rhine they once flourished, but have now almost wholly disappeared. In the countries eastward of the Rhine they are still paramount, bearing, indeed, more or less the signs of decay and alteration, but yet fashioning the frame of society, and exercising a predominant influence over the industry and fortunes of all ranks of the people.

This class of tenants is not unfrequently found in a state of personal slavery; nor is it difficult to trace

the steps by which this mode of occupying land has gradually established the bondage of the peasant. A rude people, dependent upon their own labor or their allotment for their support, were often exposed, from the failure of the crops or the ravages of war, to utter destitution. The lord was usually able, out of his store-houses, to afford them some relief, which they had no means of repaying but by additional labor. From this and other causes the serf did, and does, perpetually owe to his lord nearly the whole of his time. Besides this, they were mainly dependent on him for protection from strangers and each other. From his domestic tribunal he settled their differences, and punished their faults, with an authority which the general government was in no condition to supersede, and which became at last sanctioned by usage and equivalent to law. Their time and their persons being thus abandoned to the will of their superiors, the tenantry had no means of resisting further encroachments. One of the most general seems to have been the establishment of a right by which the landlord, providing the serf with subsistence, might withdraw him altogether from the soil on which he had placed him, to employ him elsewhere at pleasure. Then followed an understanding that the flight of a serf from the estate of his landlord, employer and judge, was an offence and an injury. This once sanctioned by law and usage, the chains of the serf were rivetted, and he became a slave, the property of a master. In Russia he is so still; but successive modifications have everywhere else re-endowed him with at least some of the privileges of a freeman.

There are two parts of the world in which labor-rents have not produced, or been accompanied by, personal bondage—Switzerland and the Highlands: but the patriarchal authority of the Highland chiefs was at once dignified and moderated by supposed ties of blood.

Such is a general history of labor-rents, which may be traced from Russia, gradually decaying in form and spirit, through Hungary, Livonia, Poland, Prussia and Germany, to the Rhine, on the borders of which they melt into different systems, and are no longer to be recognised.

It will be well to examine the effects of labor-rents on the efficiency of labor, and, by consequence, on the production of wealth. The industry of serfs, then, is found to be neither continuous, skilful, nor powerfully aided; and this is easily explained. The peasant who depends for his food upon his labor in his own allotment of ground, and is yet liable to be called away at the discretion and convenience of another person to work upon other lands, in the produce of which he is not to share, is naturally a reluctant laborer. When long prescription has engendered a feeling that he is a co-proprietor, at least, in the spot of ground which he occupies, then his reluctance to be called from the care of it to perform his task of forced labor elsewhere, is heightened by a vague sense of oppression, and he becomes more dogged and sullen. From such men, who have no motive for exertion but the fear of the lash, strenuous exertion is not to be expected. Then, again, their industry is but loosely superintended, and still more

imperfectly assisted by the landowners, the Russian, Polish, Hungarian, or German nobles, who are elevated, when not corrupted, by the privileges and habits of their order; are seldom inclined to bestow attention on the detail of the labors of husbandry; and have, perhaps, yet more seldom the means of saving capital and using it.

Another bad effect is produced by labor-rents on national industry: the indolence and carelessness of the serfs are apt to corrupt the free laborers who may come in contact with them.

These circumstances combining to render their labor inefficient, amply account for the poverty and misery of the laboring population of those countries in which labor-rents prevail, where the soil and climate are by no means unfavorable to the production of wealth. Unhappily this very poverty and misery, their dislike to steady exertions, their want of skill, of means and energy, and the degradation of their whole character, are obstacles to an amelioration of their condition, peculiarly difficult to overcome. Such an amelioration can only be substantially and permanently effected by the substitution of produce or money for labor-rents. There can be no doubt that a change of this kind is sincerely and earnestly desired by the rulers and landed proprietors of Eastern Europe, actuated alike by reasons of policy and motives of benevolence. But such a change, to be safe, must be gradual; and must not be attempted to be accelerated by violent and precipitate measures, invading existent rights and interests, and shaking public security. In England it was the growth of centuries,

and took place insensibly: so that, even now, there linger here and there not only labor-rents, but also servile tenures. Slow indeed it ever must be. The people, who are to share in the benefits which it introduces, will not always co-operate with their masters in bringing it to pass. For it is the effect of servitude to make men insensible to the advantages of freedom. Of this fact striking exemplifications occur in the story of societies as well as of individuals. Some Scotch salt-miners who, having been in a state of servitude, were made free by an Act of Parliament, in compliance with the petition of their proprietors, who hoped, by raising them from their debased condition, to moderate their pernicious influence on the free laborers, loudly complained of their emancipation as a device on the part of their masters to get rid of their reciprocal obligations to them. In Poland, when, in 1791, Stanislaus Augustus and the States were preparing a hopeless resistance to the threatened attack of Russia, a new constitution, adopted too late, established the complete personal freedom of the peasantry. But the peasants, finding that their dependence on the proprietors for subsistence remained undiminished, showed no very grateful sense of the boon conferred upon them; they feared that they should now be deprived of all claim upon the proprietors for assistance, when calamity or infirmity overtook them.

2. *Metayers.*

The metayer is a peasant tenant, extracting his own wages and subsistence from the soil, and paying a produce rent to the owner of that soil: the land-

lord also supplies him with stock to assist his labor. The payment to the landlord may, therefore, be considered to consist of two distinct portions; one constitutes the profits of his stock, the other his rent.

The existence of such a race of tenantry indicates some improvement in the body of the people, compared with the state of things in which serf rents originate. They are entrusted with the task of providing the food and annual revenue of the proprietor, without his superintending, or interfering with, their exertions.

The metayer system is found springing up in various parts of the world, engrafted occasionally on the serf rents we have been reviewing, and more often on the system of ryot rents we have yet to examine. But it is in the western division of continental Europe, in Italy, Savoy, Piedmont, the Valteline, France, and Spain, that the pure metayer tenantry are the most common, and it is there that they influence most decidedly the system of cultivation and those important relations between the different orders of society, which originate in the appropriation of the soil. Into those countries, once provinces of the Roman empire, they were introduced by the Romans, and, to discover their origin in Europe, we must turn back our eyes for an instant on the classical nations of antiquity.

Greece, when it first presents materials for authentic history, was, for the most part, divided into small properties, cultivated by the labor of the proprietors, assisted by that of the slaves. While properties are small, the labor of cultivation must always be shared

between the master and the slave: it was so in Latium. Cincinnatus would have starved on his four acres, had he trusted to the produce slaves could extract from them, and neglected to lay his own hands on the plough. Accordingly, we read in the Memorabilia of Xenophon that Ischomachus, a man καλὸς κὰι ἀγαθὸς, used to pay great attention to his estate and superintend all its arrangements carefully. But, as civilization went forward in Greece; as Greece too became consolidated, first by the Macedonian and afterwards by the Roman influence, the possessions of individual proprietors naturally extended themselves over a larger space, and profitable management by slave agents must have become more and more impracticable. At last a tenant was introduced, who, receiving from a landowner his land and stock, became responsible to him for a certain proportion, usually half, of the produce; and the proprietors gave up finally all interference with the task of cultivation. These new tenants were called *mortitæ*, and they are called so still in Greece.

The precise date at which they began to supersede the cultivation by proprietors is not known. It is supposed by some that this happened after their connection with Rome, and that μορτιτὴς, which is not a word of ancient or classical Greek, was a translation of the Latin phrase *colonus partiarius*. But it is probable that the *mortitæ* appeared in Greece as soon, if not sooner, than the *coloni partiarii* among the Romans, and that the word μορτιτὴς was suggested by μορτὴ, which was the name of the produce rent paid by the *Thetes* of Attica.

The causes which introduced metayers into Italy were precisely similar to those which ultimately established them in Greece. The Romans began by sharing with their slaves the toils of cultivation. As the size of estates enlarged, their owners became the superintendents of the labor they before assisted. In this stage the art of agriculture was deeply studied in Rome, as it had been in a similar stage in Greece, by a class of men well qualified to carry it far towards perfection. As the empire became larger the size of estates increased; the superintendence of the husbandry carried on upon them became burthensome to the proprietors; and even the task of training properly the *villici* or managers was abandoned, and the lands given up to the discretion of an inferior class of slaves. The immediate consequence was such a deficiency of the produce, that some strange and unknown cause was supposed to be enfeebling the fecundity of the earth itself. Among even the more eminent Romans, while some talked of a long-continued unwholesomeness in the seasons, others were inclined to a superstitious belief, that the world was waxing old and its powers decaying; that the exuberant crops reaped by their forefathers had been the produce of its youthful strength; and that the sterility which then afflicted it was a symptom of its decrepitude. Columella saw more accurately the real cause of the falling off in the knavery and malpractices of the slaves, and recommended that those estates which it was not easy for the proprietor often to visit, should be let. A race of tenants then gradually acquired possession of

the surface of Italy and the provinces. They were of various classes, but the *colini partiarii*, or *medietarii*, metayers, seem always to have been the favorites.

This system of tenancy, ultimately established throughout the whole Roman empire, was never wholly extirpated, in the western part of Europe, by the convulsions which accompanied its downfall. Although depressed for a time by the violence of the barbarians, and by the feudal system, it failed not at length to regain its ancient position, and to reacquire its ascendancy over the general agriculture of the country.

We cannot here afford to dwell upon its later history. Notwithstanding that the number and species of feudal tenures were multiplied to a strange extent in France by the practice of subinfeudation (a practice which was checked in England, but prevailed widely on the continent) the metayers had in their possession before the revolution four-sevenths of the surface of that country. Even now, in spite of the multiplication of small proprietors effected during the revolution, they are supposed to cultivate one half of it.

From many districts of Italy it is probable that the *coloni medietarii* never disappeared, and that the peasants, who now cultivate the soil, have succeeded to them in an unbroken line. The large grazing farms of Lombardy, the tracts of the Campagna, the Maremnæ which occur on the coast, are occupied by capitalists; for wherever large herds of cattle are to be maintained, neither the peasants nor the landlords are able to supply them. But, in spite of these, and perhaps other

exceptions, Italy, from the Alps to Calabria, is still covered with metayers. Mr. Coxe who some years since visited the Valteline, and Mr. Gilly who more lately was among the Vaudois, give a sad account of the poverty of the metayers. In the provinces of Spain, in which they most abound, they are said to be extremely poor. The cultivation of the Canary Islands is wholly in their hands.

In Affghanistan is found a race of tenants called Buzgurs, who seem to differ in no respect from the metayers of Western Europe. This is a singular instance in Asia, where this tenancy, although sometimes partially engrafted on ryot-rents, is perhaps in no other spot to be found existing in its pure form.

The bearing of the metayer system upon the production of wealth remains to be considered. The labor of metayer tenants is certainly not very efficient. It may be more continuous than that of serfs, as it is more free. It cannot boast, however, of being skilfully directed, for the metayers do not even practice that alternate husbandry and substitution of pulse and green crops for fallows, which is the main basis of all the most important improvements that have, in modern times, taken place in agriculture. Nor is it well aided by auxiliary capital. The fact is, that the divided interest which exists in the produce of cultivation, mars almost every attempt at improvement. The tenant is unwilling to listen to the suggestions of the landlord; and the landlord is reluctant to entrust additional means in the hands of a prejudiced and usually very ignorant tenant. The tenant's dread of innovation is

natural; he merely exists upon a system of cultivation familiar to him: the failure of an experiment might leave him to starve. Still this dread of innovation on the one side, combined with the reluctance to assist on the other, makes it almost impossible to introduce any improvements into this system of husbandry. The common interest, however, which the metayer has with his landlord is not wholly without good effects. When reduced to extremities, he has a patron to apply to, who cannot, for his own sake, let him perish, or even suffer beyond a certain point; and, in calamitous seasons, advances of food and other necessaries by the landlords are almost universal.

The only way to raise metayers into farmers is to increase the efficiency of their labor; and we have seen how difficult any improvement in their practice of agriculture is rendered by the peculiar relation which connects them with the landowners. Such a change, however desirable, must be slow in order to be safe. An attempt made in the French revolution to chase away metayer tenants from the country, and to substitute in their place small proprietors, possessed of capital, was attended with but partial success.

3. *Cottiers.*

The cottier is a peasant tenant extracting his maintenance from the soil and paying a money-rent to the landowner. The distinguishing peculiarity of this race of peasant tenants is that they pay a *money*-rent. In this respect they seem to be advanced beyond serfs and metayers; and yet they are really the most

wretched of all peasant tenantry. Theirs is the least extensive of all the systems of peasant tenancy. To some extent, cottiers are found in various countries of Europe; but it is in Ireland alone that they constitute the larger part of the laboring population. In Scotland, they are numerous enough to be considerable; but in England, their number is very small.

Money-rents are so very rarely paid by *peasant* cultivators that, where they do exist among them, we may expect to find the power of discharging them founded on peculiar circumstances. In the case of Ireland, it is the neighbourhood of England, and the connection between the two countries, which supports the system of money-rents paid by the peasantry. In some districts, it even appears that the rents are paid in money earned by harvest work in England. Were Ireland placed in a remoter part of the world, surrounded by nations not more advanced than herself, and were her cultivators dependent for their means of getting cash on her own internal opportunities of exchange, it seems highly probable that the landlords would soon be driven by necessity to adopt a system of either labor or produce-rents, similar to those which prevail over the large portion of the globe cultivated by the other classes of peasant tenantry. Once established, however, the effects of the prevalence of cottier-rents among a peasant population are important. Some of these are advantageous, some prejudicial. We shall shortly enumerate them.

The disadvantages of cottier-rents may be ranged under three heads:—*first*, the want of any external

check to assist in repressing the increase of the peasant population beyond the bounds of an easy subsistence; *secondly*, the want of any protection to their interests, from the influence of usage and prescription in determining the amount of their payments, by which they are exposed to the consequences of their own competition, which increases proportionately with the increase of their numbers, till at length it destroys itself, and injures the proprietors who hoped to benefit by it; and, *thirdly*, the absence of that *obvious* and *direct* common interest between the owners and the occupiers of the soil, which, under the other systems of peasant-rents, secure to the tenants the forbearance and assistance of their landlords when calamity overtakes them. It is to be remarked that no case can occur in which there is not in reality a community of interest between these two parties; but their common interest in the other forms of peasant holding is more direct and obvious, and, therefore, more influential upon the habits and feelings of both tenants and landlords.

The principal advantage which the cottier derives from his form of tenure, is the great facility with which, when circumstances are favorable to him, he can change altogether his condition in society. The serf has many stages to go through before he can become a capitalist and independent farmer; and it is hard for him to advance one step in this direction. The metayer, too, before he arrives at this point, must become the owner of the stock on his farm, and be able to pay a money-rent. Both these changes

take place slowly and with difficulty, especially the last—the substitution of money-rents, which supposes a considerable previous improvement in the internal commerce of the nation; and is ordinarily the result, and not the commencement, of improvement in the condition of the cultivators. But the cottier is already the owner of his own stock; he exists in a society in which the power of paying money-rents is already established. If he thrives in his occupation, there is nothing to prevent his enlarging his holding, increasing his stock, and becoming a capitalist and a farmer in the proper sense of the term. Should the events of the next half century be favorable to Ireland, her cottiers are very likely to disappear and to merge into a very different race of cultivators. The right means to bring about so desirable a change, are to educate the cottiers to habits of industry and prudence, and to diffuse intelligence among the landlords.

HEREDITARY OCCUPIERS.

It has been much disputed whether Ryots should be considered as tenants or proprietors. To a certain extent they are both, but not wholly so. They are proprietors, inasmuch as they are unquestionably and incontestably entitled to possess, and to transmit to their children, the soil which they cultivate. They are tenants, inasmuch as they have rarely a beneficial interest in the soil; or inasmuch as they have to pay rent. Endowed, therefore, with this twofold character, and putting forth pretensions to both, it will be

convenient, for the sake of avoiding ambiguity, to find a new denomination for them, and to style them as above, Hereditary Occupiers.

The Ryot is a peasant, raising his own wages from the soil and paying a rent, either in the shape of produce or in the shape of money, to the sovereign as proprietor. This form of tenancy is, with a few exceptions, peculiar to Asia. It has been introduced by Asiatics into Turkey in Europe. It also exists in Egypt, and may, perhaps, hereafter be traced in Africa. It is the result, not of positive institution, but of circumstances. All the great empires of Asia have been overrun by foreigners; and on their rights, as conquerors, the claim of the present sovereigns to the soil rests. In a country where the people have no comforts or luxuries that can be taxed, the monarch's revenue must be got out of the surplus agricultural produce. In early times, the monarchies of the East were, in some measure, controlled by the priesthood, but they have ever shown a tendency to become purely despotic, and to exact an amount of revenue wholly exhaustive of the Ryot's beneficial interest in the soil. It was so in Egypt. The Pharaoh used, it is probable, to receive as revenue one-tenth of the produce of the soil; but, in Joseph's time, he took advantage of the scarcity produced by a famine to obtain the territory of his subjects, in return for the corn he had husbanded, and then let it out to them for a rent of one-fifth.[1] It was likewise so with the Jews. They were so heavily taxed by Solomon, who

[1] Gen. xlvii., 24.

lived in a style of surpassing magnificence, and was addicted to expensive speculations, that ten of the tribes rebelled and revolted from his successor, who refused to diminish their burdens.[1] It was so too in Persia in the time of Cyrus, whose revenue was a portion of the agricultural produce of the country.

In India, according to the laws of Menu, one-sixth in time of peace, one-fourth in time of war, of the surplus produce was the allowance of the sovereign. It is a debated matter whether the laws permitted him to exact more in exigencies; but it is certain that, in practice, no definite rate ever prevailed for any long period. The English found the mode of exacting the revenue different in different parts of India. Thus, in one village, the headman used to subtract the *sircar*, or government proportion of the grain, from the stock of each husbandman, after it was got in. In another, the harvest was annually valued, and a sum of money proportionate to the government share paid by the husbandman to the *Potail*. In a third district, the crops were valued when green, and paid for according to estimate. In a fourth, an estimate was taken and a bargain struck for a certain number of years together. Elsewhere the agents of Government made their bargain, not with each Ryot separately, but with the whole body conjointly, or with one or two of them as representatives of the whole.[2]

[1] 1 Kings, 12. [2] See GLEIG'S "History of India," vol. i., *Family Library*.

To render this clear, it will be well to describe briefly the village system, the groundwork of Hindú polity. A village, geographically considered, is a tract of country comprising some hundreds or thousands of acres of arable and waste land. Politically viewed, it resembles a corporation or township. Its proper establishment of officers and servants consists of the following: — the *Potail*, or head inhabitant, who has the general superintendence of the affairs of the village, settles the disputes of the inhabitants, attends to the police, and performs the duty of collecting the revenues within the village; the *Curnum*, who keeps the accounts of cultivation and registers everything connected with it; the *Talliar*, whose duty seems to consist in a wider and more enlarged sphere of action, in gaining information of crimes and offences, and in escorting and protecting persons travelling from one village to another; and the *Totie*, whose office, being more immediately confined to the village, consists, among other duties, in guarding the crops and assisting in measuring them; the *Boundary man*, who preserves the limits of the village, or gives evidence respecting them in cases of dispute; the *Brahman*, who performs the village worship; the *Schoolmaster*, who is seen teaching the village children to read and write in the sand; the *Calendar Brahman*, or *Astrologer*, who proclaims the lucky or unpropitious periods for sowing or thrashing; the *Smith* or *Carpenter*, who manufactures the implements of agriculture and builds the dwelling of the Ryot; the *Potman*, or *Potter;* the *Washerman;* the *Barber;* the *Cowkeeper*, who looks

after the cattle; the *Doctor;* the *Dancing girl,* who attends at rejoicings; the *Musician;* and the *Poet.*[1]

Thus a Hindú village formed a complete, compact, and independent body, politic and ecclesiastic, containing within itself all the elements of government, officers of religion, of law, of police, besides the administrators of its economical affairs, and the most useful tradesmen. The influence of this system in India, where the Government is apt to be despotic, is to support the Ryots against the pressure of that government. A system not very dissimilar, under a democratic polity, in the United States of America, is found to bind and hold together a loosely constructed society.

The Government looked to the Potail, and the Potail to the Ryot; and ordered surveys from time to time, in order to ascertain how far an increase might be demanded, or reductions were necessary, in the revenue. The Potail himself was immediately responsible to an officer called a Zemindar. This officer was entrusted with the collection of the revenue in districts of different sizes, was entitled to a tenth of its amount, had sometimes lands assigned to him, and was endowed with very considerable authority. His office, like the other village offices and trades, became hereditary.

But all these subordinate interests were respected only in times of peace and under moderate governors; and these were rare in India. Whenever the empire was feeble, and the subordinate chieftains, Mohammedan or Hindú, were able to exercise an uncontrolled

[1] See Fifth Report of the Committee on East India affairs, quoted by Gleig in his "History of India."

power in their districts, their rapacity and violence seem usually to have been wholly unchecked by policy or principle. There was at once an end to all system, moderation, or protection; ruinous rents, arbitrarily imposed, were collected in frequent military circuits, at the spear's point, and the resistance, often attempted in despair, was unsparingly punished by fire and slaughter. Throughout India, however, the village system was found by the English, either in an integral or but partially broken state; for even the bigotry of the Mohammedan, and the rapacity of the Mahratta conquerors, respected those ancient institutions, which, when found, were maintained; and, when lost through the death or desertion of the inhabitants, were re-created.[1] Of the new revenue systems since introduced into India by the British Government, we shall have occasion to speak hereafter, when we come to treat of the subject of taxation, and shall, therefore, say nothing now. We conclude our account of Ryots by remarking that the motives to industry which operate upon them are few and weak. The village system, by excluding the principle of competition, throws a damp upon their energy. Notwithstanding that agriculture is their chief occupation, they have applied their minds but little to the science and the art of it, which, though not absolutely in the lowest stage, yet have long been stationary amongst them. The modifications which present themselves in the condition of the Ryots of the other great empires of Asia, of Persia, and of China, and of the Turkeys,

[1] MALCOLM'S "Central India," vol. ii.

we cannot afford even to notice, nor to examine the curious admixture, which strikes the attentive observer, of labor and metayer with ryot-rents.[1]

PROPRIETORS.

This class of unhired laborers are found to some extent in France and Germany, and far more extensively in the New World. The fact has already been adverted to, that the revolution in France effected a substitution, to a certain degree, of small proprietors for metayers. There was a law in Germany, that the Crown could not tax estates held by noblemen. It naturally endeavored, however, to withdraw land as much as possible from the hands of the nobility. Accordingly, a new law was enacted, that no land once held by a peasant could become the property of a nobleman. Moreover, the Crown claimed a right to tax those portions of a nobleman's estate which were tenanted by peasants. Time and usage conferred on these tenants a hereditary right to their allotments; and the sense of independence thus engendered in them, made them so idle and insubordinate, that their landlords were well pleased to bestow upon them their freedom in return for a proportion of the land they occupied. By this compromise they converted them into small laboring proprietors. A similar course of events has produced a similar state of things in Prussia.

The legislators of the United States inherited from

[1] See, on this subject, Jones on Rents.

the other hemisphere, at the outset of their career, the advantages of an experience accumulated during centuries of progressive civilization; and they perceived, and acted upon the conviction, that the power and resources of their young government were likely to be increased more effectually by the rapid formation of a race of proprietors, than by the creation of a class of state tenantry.

We have now brought under view the principal features of the condition of the three classes, into which unhired laborers, who are almost all agriculturists, and who constitute pretty nearly the whole agricultural population of the world, are subdivided. A few remarks are to be made before we pass on to the other divisions of laborers.

The circumstances which determine the rate of wages among unhired laborers are, obviously,

1. The size of the ground they occupy.
2. Its fertility.
3. The conditions upon which they occupy it.

This last circumstance, which, in the single case of proprietors, has of course no operation, is the most influential of the three, in respect to serfs, metayers, cottiers, and ryots. It becomes, indeed, invested with immense interest, when the interaction that takes place between the economical and the political condition of the laboring classes of a nation is duly considered. It was owing to the moral and intellectual degradation produced by the poverty of the French metayers, pinched as they were by the scantiness of their me-

tairies, harassed by the rapacious exactions of the taille, and exasperated against the higher classes whom they regarded as their oppressors, that the revolution proved so bloody in the provinces of France. On the other hand, it is to the hard conditions of tenure imposed upon the Ryots of India by the foreign powers who have successively ruled over them, that the political degradation in which they have been so long sunk is in part to be attributed.

Hired Dependants and Hired Laborers.

There remain to be spoken of the second and third divisions of laborers, namely, hired dependants and hired laborers, together constituting the non-agricultural laborers of the world, and embracing also the scanty, though most efficient, portion of agriculturists that are not included in the first.

Hired dependants are converted into hired laborers by the advance of national wealth. They are, therefore, to be found only in the poorest countries: they abound, of course, in Asia.

At the outset, in treating of the functions of capital relatively to the efficiency of labor, we compared the industry of unhired laborers with that of laborers paid from capital; and we cursorily remarked that the same unfortunate peculiarities, which were found to attach to unhired industry, belonged also to industry paid from revenue. On this point we shall now dwell more largely, with a view to distinguish hired dependants from hired laborers with as much clearness as possible.

A journeyman artizan may be paid out of the

revenue of a customer who needs the article he produces for his use. Such are the tinkers, and such are the tailors, the jewellers, and most of the artizans of the East. Or he may be paid out of the capital of an employer, who means to sell or exchange the article produced, and has saved money to advance as wages. Such are the tradesmen generally of Europe; and such are nearly all the laborers, agricultural and non-agricultural, of England. In the first case, he cannot divide his labor with others, and has no one over him, interested and able to keep him continuously at work, to direct his efforts by superior skill, and to give them power by aiding them with auxiliary capital. In the second case, all these disadvantageous circumstances are reversed. His labor, apportioned according to the principle of the division of labor, and vigilantly superintended, is continuous; superintended, too, by intelligent and wealthy capitalists, it is both skilfully directed and powerfully assisted.

Destroy the capitalists of England, turn out the workmen from the manufactories and the shops, and let them ply in the streets for customers, who need something which they can produce, and who can advance them out of their revenue both the materials of the work and their wages, and the difference would at once appear between the productive power of industry paid out of revenue and that which is paid out of capital; or between the non-agricultural industry of Europe and that of Asia.

The poverty of Asiatic populations, resulting from the inefficiency of their labor, is sufficiently explained

to all who have comprehended the principles which we have developed, by the fact that their agricultural laborers are paid by self-produced wages, and their non-agricultural laborers out of revenue. And in like manner will they infer the vast wealth of England from the circumstance, peculiar to that country, of her whole laboring population, both agricultural and non-agricultural, being paid out of capital. From the inefficiency of their agricultural labor arises the smallness of the non-agricultural portion of Asiatic populations; and, similarly, the largeness of the non-agricultural portion of the population of England is owing to the peculiar and unrivalled efficiency of her agricultural labor.

The rulers of Asia, we have seen, have always been, by right of conquest, proprietors of the territory over which they ruled. Hence it has happened that the surplus produce of the soil has been distributed mainly by the king's officers to the non-agricultural population, and that non-agriculturists have swarmed about the court of an Eastern monarch. It is recorded of Aurungzeb that when, on one occasion, he made an excursion to a watering place, he carried an extraordinary number of artizans along with him. The markets of non-agricultural produce shift their locality with the court or the seat of empire, which not unfrequently changes with a new dynasty.

In the early stages of society, when there hardly exists a non-agricultural population, the power of the sword is necessarily entrusted to the agricultural laborers. At a later period the military force of the country is composed both of artizans and husbandmen. The progress

of civilization, however, divides the arts of war and peace, and the soldier's profession becomes separated alike from the work of the husbandman and the artizan's craft. Soldiers, sailors, etc., bear a similar relation to the community to that which menials bear to private individuals, and are paid in a similar manner, viz., by taxes, which are a part of the aggregate revenue of the community.

It is natural to inquire to what cause is to be ascribed the early and great efficiency of agricultural labor, the consequently large and enlarging size and number of non-agricultural classes, and that rapid career of prosperity which has substituted capital for the other two branches of the labor fund in England. These happy phenomena are to be attributed chiefly, though not exclusively, to our just and liberal political institutions, which have been as propitious to our national fortunes as those of other nations have frequently been adverse to theirs. Chief Justice Fortescue, in his "*Dialogus de Laudibus Legum Angliæ*," bids the young Prince Edward, who was confided to his tuition, compare the condition of the French with that of the English peasantry; and demonstrates the superiority of the latter to be owing, in great part, to the superior excellence of the civil law in England. The wretchedness of the French peasantry (he represents) was the result of the oppressive taxation to which they were subjected and to the annoyance and spoliation which they suffered from the king's troops, who were quartered upon them to such an extent, that, to use Fortescue's words (as translated by Amos), "there was not

any the least village but what was exposed to the calamity, and once or twice in the year was sure to be plundered in this vexatious manner." And yet the period at which England, viewed by the side of France, was apparently so flourishing, was the time of the Wars of the Roses, when the agricultural population of England were peasant tenants, as they continued to be until the reign of Henry the Seventh. So productive, however, was their labor, that there is recorded to have been, after the wars, an extraordinary surplus of agricultural produce. Nor was this a transient opulence; for further on, in Elizabeth's reign, every commodity is stated to have been dear except corn.

This superabundance of agricultural wealth concurring with a demand on the continent for wool and hides, in consequence of the establishment of manufactories in the Netherlands, it appeared desirable to many English landowners to change their arable into pasture land. At that era nearly the whole of the soil of England was cultivated by private individuals during a portion of the year, while it was common during the remainder of it; as has been the condition, at different periods, of nearly the whole world. This state of things continued with us to a great extent up to the time of Henry the Seventh, and partially even to the time of George the Third. This common land it became the object of the English landowners to enclose, and of course it was convenient for them to discharge a considerable number of agricultural hands, which they had before employed, but which would no longer be of use to them. This proceeding naturally excited much popular discon-

tent, which increased as the process which caused it was carried on through the reign of Henry the Eighth, and which reached its height and broke out in its full fury during the minority of Edward the Sixth. It gained new heat by blending itself with a mania for restoring the Roman Catholic religion, and gave rise to a series of insurrections among the peasantry of that persuasion. As in those days every man was well armed and well skilled to wield his arms, it is certain that nothing but the difficulty of communication among the rebels prevented the rebellion from assuming an aspect very formidable to the quiet and safety of the country. This civil war, as it may almost be called, burst forth in Devonshire, under the auspices of a Catholic priest; but in Norfolk the rebels bore themselves most stoutly, and beat the king's troops in a pitched battle. They might easily have marched upon London, had not some troops who, it fortunately happened, were just at that moment setting out from that city for Scotland, then at war with us, been immediately despatched to encounter them, and, in the event, succeeded in suppressing them. The enterprising spirit of English aristocrats quailed not before these alarms, or their hopes of gain prevailed over their fears. They effected the innovation for which they had contended; and before long the progress of manufactures brought employment to those whom at first it had made beggars and vagabonds. Our history has now reached the point at which we date the rise of a body of capitalists in England, like our modern farmers, in whose hands nearly the whole country is found in the reign of James the First.

Compare with the exuberant agricultural wealth of England, at the time we have been speaking of, the contemporaneous commercial prosperity of Genoa or of Venice; and the better promise of vigorous growth afforded by the former, is traceable to the more generous and enlightened policy of our Government. In those republican states, the severe exactions of the government effectually obstructed the diffusion of non-agricultural opulence. In England, the taxation was less harsh; and, moreover, institutions arose, to foster the infant weakness of the non-agricultural classes. The borough towns, endowed with immunities and privileges and fortified with a military force, took them under their protection, and threw a shield between them and the oppression of the nobles.

OF THE GROWTH OF CAPITAL.

It has appeared, then, that the non-agricultural population of the laboring world draw their wages either from revenue or capital. Revenue accumulated becomes capital, expendible in wages. Hence it follows that whatever is a source of revenue may be a source of capital; and we arrive at the conclusion (which conflicts, however, with some prevalent opinions) that capital may be accumulated from rents, wages, and profits. We shall endeavor to establish this position.

That capital is largely, though quietly and imperceptibly, gathered from rents, appears from this fact, that, on landed estates, all that is added to the soil, in the shape of drains, ditches, buildings, etc., has commonly been purchased by the landowner with the

savings from his rent. Insomuch that, in the rentals of large estates, a column is generally allotted to deductions for expenditure upon the soil.

The statistical reports of the savings' banks of England demonstrate wages to be a fruitful source of capital. It is not probable that much more than half of the savings from wages of the laboring population of this country are deposited in these banks; yet it has been estimated that the amount accumulated therein during one century, would exceed the whole amount of capital annually expended by us in paying wages.

In the face, however, of these not very recondite facts, it has been maintained that capital can be accumulated solely from the profits of stock, an error resulting from views confined to the state of things in England, where it is chiefly so accumulated, instead of extending to the rest of the world, where it is not so accumulated in any considerable degree. A sufficient refutation of the opinion is, that it could not have been accumulated from stock in the first instance, when no stock existed.

This error has led to others, which must be exposed, as having obtained a notoriety by their mischievous practical results. These same speculators, who fancied capital to be the sole growth of profits, broadly deduced that the accumulation from profits will be great where the rate of profits is high, and small where the rate of profits is low. This deduction, so specious as to look like a truism, is, notwithstanding, an extremely fallacious one, as it overlooks the essential difference of the masses of stock upon which profits are raised. In

countries, therefore, in which profits are low, as England and Holland, there it happens that industry is found in the most efficient state, and the rate at which capital is accumulating is the most rapid. On the other hand, in those countries in which the rate of profit has been long and permanently high, as in Poland and many of the ruder parts of Europe and Asia, there the productive power of industry is almost proverbially feeble, and the rate at which capital is accumulating is notoriously slow. These facts warrant a conclusion, just the reverse of that we have been contending against, —a conclusion, paradoxical in appearance, but demonstrably correct, that a low and decreasing rate of profits generally indicates a vast and increasing accumulation of capital. Nor is the consequence an absurd one, that the absence of profits would mark a superabundant, though a stagnant, capital. It would mark a most advanced state, a state in which industry has become so mightily efficient, so vastly productive, as to be able to afford to suspend its exertions for a while; a state of universal but temporary opulence. Such a state of things is not likely ever to happen; and, if it did happen, could not last. Under such circumstances, any surplus over and above the capital expended at home would be carried abroad, and there produce profits employable and accumulable. This migration of capital, and sometimes of capitalists, is observed to follow a sudden decrease of the rate of profits and will again be adverted to.

Thus are their two first assumptions contradicted by reason and experience. From these false premises

they logically enough educed the false inference that, since in countries the most advanced in population and wealth, the lowest rate of profit was found, it was a law, that the power of nations to accumulate capital declined in proportion to the increase of their numbers and their resources. To this mass of errors they added that of supposing labor to be, everywhere and invariably, paid from capital (whereas it has been shown to be paid by self-produced wages over the largest portion of the earth), and then announced to the whole laboring population of the world, that their Maker had endowed them, as a part of their physical nature, with a tendency to multiply more rapidly than the means of subsistence. Nor was there any means of averting the dismal fate that constantly threatened them, unless the rate of profits could be brought and kept up to the rate at which the population was increasing, or the rate of increase of population could be forced down to a level with the rate of profits. As no scheme could be devised for elevating the rate of profits, they turned their attention to the other alternative,—the arrest of population; and they were bold enough to propose checks which resolve themselves into guilt and degradation.

It is no wonder, though greatly to be regretted, that the dislike and distrust deservedly earned by the promulgators of such abominable and pernicious doctrines, should have been extended to the science of which they professed to be the expounders. Such expounders, however, be it remembered, are discredited by a sound and enlightened Political Economy. They were the

worst of philosophers before they became the worst of moralists. The process by which they arrived at their conclusions, involves almost every fault to which inattention to facts and a perverse abuse of the reasoning faculty could possibly give birth.

We shall not anticipate the subject of population, but we shall demonstrate and illustrate the important position that the power of accumulating from profits is determined, not so much by the rate of profits as by the mass of stock.

Nations advanced in wealth expend, as one would expect and may observe, much more of their capital in aiding labor than in paying wages. In England, the amount of capital paid to laborers bears a proportion to the amount of auxiliary capital of one to five; while in Russia, capital is almost equally divided between wages and aids to labor. However, in Russia the rate of profits is higher than in England. Let it be a rate of £15 per cent., and the profits upon £200 of capital, of which half is wages and half auxiliary, will be £30. Let the rate of profits in England be but £10 per cent., and the profits raised upon £600 of capital, of which £100 is expended in wages and £500 is auxiliary, will be £60. If, out of his £30 profits, the Russian can put by £5, the Englishman can put by £35 out of his £60 profits.

Such a demonstration would have been deemed superfluous, of a truth so obvious to honest minds, did not some people fancy that the inequalities in the masses of stock were counterbalanced and reconciled by the differences in the rates of profits.

It is to be remarked that an increase of capital is, in the first instance, the effect and not the cause of social improvement; afterwards they move in a circle, mutually producing and produced. And hence it is that capital imported from abroad into a country can never augment the efficiency of labor so extensively or so permanently as capital generated and accumulated upon the soil itself. Let us suppose a case to illustrate this. Our Indian fellow subjects are about ninety millions in number, and may be divided into about eighteen millions of families, of which it may be estimated that nearly sixteen millions are agricultural. Could the condition of this class of laborers be so much improved that each family should be able to lay by annually £2, in the shape of profits, the amount of capital annually accumulated would be £32,000,000, and, in ten years, would be swelled to the immense sum of £320,000,000. What a length of time would it take to transfer such a mass of capital from England, and to circulate it through India. So, too, the present miserable state of Ireland should be amended, not, as some imagine, by the importation of English capital, but by an improvement to be wrought in the condition of the Irish peasantry, by a more just and lenient rule than they have hitherto experienced, and by lightening their burden of taxation. It is only when the growing wants and consumption of a people are supplied by self-accumulated capital, that we may expect to see non-agricultural wealth accompanying a redundancy of agricultural produce.

It was because it left unimproved the condition of

the peasantry that the Linen Society established in Germany failed to add as largely as was anticipated to the capital of the country. The rejoicing occasioned by its exporting in one year six thousand pieces of linen was far greater than was called for by the real value of the boon.

We shall now inquire what circumstances are most favorable to the accumulation of capital. These are:

1. The abundance of the sources from which capital is accumulated, which are rents, wages, and profits.

2. Security of profit. This circumstance is of great importance, and mainly depends on the political institutions and economical systems of a country. In the east of Europe, the state of virtual bondage in which the peasantry are found; in the western portion of that continent, the grasping principle of taxation by which the governments have been guided; in India, the vicious system of drawing the revenue from the land, which, under Hindú and Mohammedan dynasties, has sheltered merciless extortions;—these causes, all resolvable into insecurity of profit, have been barriers to accumulation of capital. In the first two cases, there was no motive to accumulation, when not the serf, but his master, not the metayer, but the government, would have been benefited by such accumulation; in the last case there were strong motives to prevent accumulation, when to be rich would have been a peril and a crime.

3. A facility of investing capital. In this respect, England has an advantage over perhaps all the other nations of the earth. Besides all the ordinary modes

of investment, she has a multitude of banks, and, for the lower classes, savings' banks.

4. Such political institutions as afford equal chances of advancement to all classes of the population. Than the desire of elevation in the social scale, there can hardly be a stronger incentive to industry in producing, and carefulness in accumulating, capital.

5. Lastly, peace. This condition, as well as the last, England possessed, while France was destitute of them, during many centuries when both countries, side by side, were forcing their way from barbarism to civilization; and to these felicitous circumstances may be ascribed in part the pre-eminence of the former in wealth and prosperity.

We have now discovered the sources of capital, and the circumstances favorable to its accumulation from those sources. It may be questioned, however, in what degree these sources are actually available, and these favorable circumstances are found to operate.

Since the year A.D. 1000 the populations of England and France have increased with astonishing rapidity, especially of late years. And we find that these countries are at present possessed of a capital far larger in proportion to their numbers than at any former period. Hence it may be inferred that the power which a people has of accumulating capital is greater than its power of multiplying its numbers.

The province of the Economist is the Wealth of nations. The province of the Political Philosopher is the Happiness of nations, in its widest sense. As there is a constant interaction between the political and

economical condition of a people; as the one is invariably influenced by changes in the other; we may be excused for digressing to investigate the political phenomena which follow upon the substitution of capital for the other two branches of the labor-fund.

The economical effect of this substitution is to render labor more productive, by rendering it more continuous and skilful and better aided, than when it was paid by self-produced wages, or from revenue. The political effects appear to be, the multiplication of orders, and the modification of aristocratic power by the introduction of the democratic element into the government of nations. On both these points we shall take leave to enlarge.

As long as the owners of land impose the terms with which they will part with its products, which are the means of subsistence—that is, as long as wages and profits are dependent on rent,—so long, it is clear, labor and capital are alike subject to their control; and the proportions in which they are distributed between agricultural and non-agricultural employments, must be regulated by their authority, or contingent upon their acquiescence. The fortunate dislike, which, as a body, landowners entertain to the superintendence of their estates, induces them to encourage the rise of a body of capitalists, qualified to undertake their position relative to the laboring classes, and thus at once emancipates profits from the shackles which had restrained their growth and mobility. Capital once free, a new and long career of improvement immediately commences with the invention of crafts, and

the more diligent cultivation and the more scientific practice of the various arts which bless and adorn life, terminating in the enlargement of the industry of individual laborers. A glorious and happy state of things ensues. Rents and profits come to be determined by wages; the poor are no longer impoverished that the rich may grow richer; the three classes, amongst whom national wealth is primarily divided, are rendered independent of each other, with the condition that casual loss must first be borne by the class best able to bear it; and, sensible of the perfect agreement of their particular interests, harmoniously combine to promote the prosperity of the community to which they belong.

In the history of nations, poverty and servitude, wealth and freedom, are observed to be generally allied. In Asiatic empires, where the sovereigns are also proprietors of the soil, the form of government is a pure, unlimited despotism. In Russia, where an order of titled landlords intervenes between the throne and the cottage, the peasantry suffer less from the exercise of imperial authority,—which the influence of the noblesse, sensibly felt, though not exerted through the organ of political institutions, very materially controls,—than from the noblesse themselves. In France, the power of the nobility, sufficient to support the courts of justice in their bold attempts to restrain the despotic power of the monarch—a conduct which Montesquieu romantically ascribes to the spirit of honor that glowed in the bosoms of the French aristocrats, but which admits of a much more intelligible explanation—was yet in-

sufficient to protect their metayer tenantry from a grinding taxation. Compare now with the Asiatic ryot, the Russian serf, or the French metayer, the English laborer paid from capital; and it will be very obvious that in name only are unhired more independent than hired workmen. Drive off from his allotment the ryot, the serf, or the metayer, and you expose him to starvation. An English laborer, discharged by one farmer, readily procures hire from another. More or less, indeed, the unhired laborers generally are the passive instruments, or victims, of their masters. The ryot suffers from peculiarly hard conditions of tenure. The serf is subject to arbitrary corporeal chastisement, and is not at liberty to quit the estate of his lord. The metayer, should his landlord be an oppressive man, cannot part from him till the year has brought their engagement to its conclusion. The English laborer is free to change his master, his employment, and his terms of service, whenever it pleases or suits him so to do.

The influence and control over the laboring population which accrues to the landowners from their possession of the soil, is, as has already been intimated, the real basis of aristocratic power. When that influence passes to the capitalists,—who, in a more advanced state of things, succeed to their relation, and perform their functions, towards the working classes,—the guarantees which remain to the aristocratic body for the maintenance of their privileges and honors are the institutions by which, as in England and France, they are made a legislative assembly and an

essential part of the government, and the strong hold upon the minds and affections of the people which old associations give to them, and which they may confirm and establish by a reputation for wisdom, virtue, and patriotism.

The middle classes of capitalists, descending from the higher ranks, and approaching the body of laborers by various gradations till they almost mingle with them, form a species of moral conductors, by which the habits and feelings of the upper classes are communicated downwards, and act more or less powerfully upon the lowest ranks of the community. Just in the same way as the fashions of dress and furniture of the nobility and gentry of one age are found to have passed, and to prevail among the peasantry of a succeeding generation.

The importance which both capitalists and laborers acquire from the improvement of their social and economical condition, leads in process of time to the institution of a representative House of Commons, and the grant of electoral rights to the mass of the people. These are the real safeguards of national liberty, which honest and enlightened rulers should rejoice to bestow as a boon, and not allow to be wrung from their reluctant hands amidst the alarms, or the horrors, of a civil war.

Justice is, indeed, the standing policy of rulers. The people whom they rule have a right to whatever is for their good, and they have the power to enforce that right. It is idle to discuss the expediency of admitting the lower orders of society to a share in

the administration of affairs. Expedient or not, it is necessary. It is inevitable. The lower orders will take it by force, if it be not spontaneously granted to them. And, therefore, it becomes a matter of vast moment, that they should be so soundly educated and instructed, as not to desire things hurtful to themselves or others. It is not, of course, expected that they should grapple with the difficult problems of political science; nor should we care to inculcate upon them, by repeated lectures, those of its leading principles which have a practical import and bearing,—as, that peace and order and an equitable dispensation of law are their highest and most permanent interests; that a subordination of ranks is generally advantageous, and, if it were not so, is unavoidable; that the prosperity of one part of the community is not essentially inconsistent with the welfare of another; that, in our condition, evil will ever be found mixed up with the beneficial consequences of the wisest institutions; that changes, to be safe, must be gradual; and that violent remedies are commonly more disastrous than the maladies they were designed to cure. But let them be trained to habits of honesty, veracity, obedience, sobriety, and diligence. Let their best moral feelings be developed, and nourished into stable dispositions. Let the mental powers with which they are endowed by nature be ripened, by constant exercise, into talents. Such an education, which a sound philosophy enjoins, as adapted at once to man's moral and intellectual constitution, would fit them to discharge the duties of their respective stations with integrity and ability. It

would be calculated to make them thoughtful, and at the same time humble. While it would invite their attention to the regulation of society, it would also reprove that insolent and reckless ignorance which is prone to lay an irreverent hand upon institutions, covered with the hoar of years; which lends a credulous ear to the professions of mad, or dishonest, sciolists; and trembles not to be making experiments, of which the results, whether good or bad, cannot fail to be widely and lastingly influential upon the happiness of multitudes of their fellow-creatures.

For the consolation of those who have been accustomed to regard popular interference in government as the signal of anarchy and confusion, history proclaims aloud, that the presence and influence of a democratic element in the political constitution of countries is potently conducive to their well-being, and progress in improvement. In the actual course of things, a moral and intellectual amelioration, an elevation of character, and an increasing activity of mind, are found to accompany, with equal paces, the advancement of a community in wealth.

The social revolution which we have traced has proceeded further in England than in any other part of the globe; and the consideration of its causes and effects cannot but be to Englishmen pregnant with interest and instruction.

POPULATION.

The rate of wages is determined by the amount of the labor-fund, divided by the number of laborers.

It will be our business to examine the circumstances which regulate the movements of population, generally; and those peculiar circumstances, whose operation is confined to one or other of the different stages of society which we have been reviewing, in which the mass of the laboring classes are paid by self-produced wages, from revenue or from capital.

The results of such an examination will be found to be these. Viewing the subject first as it affects the human race generally, and without reference to wages, we shall see that the disposition to exert the full animal power of increase yields readily, in the upper classes, to the accumulating force of various motives for restraint, which necessarily multiply and gather more joint strength, with the growth of those artificial wants which are the fruit of wealth and refinement. Limiting our observations, then, to the laborers, in the less advanced stages of society, we shall perceive a great influence exercised over the industrious classes by others, which controls the full exercise of their powers of increase; and when those ruder stages are passed through, and the lower classes are, like the higher, abandoned wholly to the guidance of such motives as may spring up within their own bosoms, we shall again, in their case, have to trace the effects of refinement and the multiplication of artificial wants gradually influencing the whole mass, as they always influence the upper portion of society. And where the gradual spread of refinement does not produce the effect of moderating the rate of increase of the mass of a population, we shall be able to trace the failure to

unfavorable peculiarities in the circumstances, or in the legislation of nations.

The great work of Mr. Malthus on this subject, along with that portion of lasting truth which it was his fortune first to demonstrate, contains an admixture of errors, which we shall expose.

First let us remark that the principle of population (a phrase not happily selected by Mr. Malthus, because not very intelligible) means nothing more than the simple, demonstrable fact, that a people possess the power of doubling their numbers in about twenty years.

Mr. Malthus assumed that, while population was constantly increasing in a geometrical, the means of subsistence increased only in an arithmetical, ratio. Both parts of the assumption, however, are fallacious. For let us suppose a colony, consisting of a million of persons, to double itself during the first twenty years of its existence, it is plain that the female part of the second generation cannot be mature enough to repeat the duplication during the next twenty years: and the growth of the population is undeniably dependent upon the number of perfect females in a community. Moreover, though there is doubtless a limit to the earth's fertility, yet, so long as that limit is undefinable, none may assert that the means of subsistence cannot for a while be yielded in a geometrical ratio, to continuous industry, skilfully directed and powerfully assisted. The assumption with which we quarrel takes it for granted that the rate of increase both of population and of food is invariable; and neglects to estimate the disproportionate effect produced upon that rate, in dif-

ferent stages of society, by the influence of moral and prudential motives, and the improvements introduced into the practice of agriculture.

It is quite certain, that nations do not exert to its full extent their power of multiplying their numbers; whence it may be inferred that there exist, in the ordinary circumstances of nations, checks upon that power. What these are we shall inquire.

Mr. Malthus enumerates three checks:—1. Vice; 2. Misery; and 3. Moral Restraint, which he defines to be abstinence from marriage, accompanied with impeccable chastity. All partial restraint he classes under the head of vice, along with libertinism. But this method is not less incorrect in logic than it would be austere in morals. If a man should refrain from marrying, for fifteen years after he had attained the age of puberty, but, during that period, should on one or two occasions deviate from strict chastity, it cannot admit of question that his long restraint was a check wholly of a virtuous or prudential kind, and by no means resolvable, like his illicit indulgences, into vice. Mr. Malthus's division of checks is defective, as excluding partial restraint, and confounding the lapses of infirmity with the deliberate and regular course of vice. It will, therefore, be necessary to amend it, by a slight but important alteration, viz., the dividing the checks into

1. Vice.
2. Misery.
3. Voluntary Restraint.

1.—Vice includes, not only libertinism, but all those vicious habits, which, by enfeebling the human consti-

tution, shorten the duration of human life; such as intemperance, etc. It may be remarked, that in new countries, like America, where young persons marry at an early age, the amount of prostitution that takes place is but small; whereas, in old countries, like England, where motives of various kinds combine to prevent the youth from marrying often till long after the age of puberty, prostitution abounds.

2.—Under the head of Misery are comprehended insufficient or unwholesome food and clothing, unwholesome habitations and occupations, and all the various forms of privation, by which the constitution is weakened, and rendered less able to sustain the fatigue of labor or the shock of disease. This is what is called a positive, in contradistinction to a preventive, check, as decreasing longevity, and not limiting fecundity. For the fact is, that women are found to be more fertile under privation, than otherwise; and where deaths are frequent, there births are also numerous. On the other hand, persons in easy circumstances, *cæteris paribus*, live longer than those who are pinched by poverty. Hence the complaints one hears so often of the immortality of members of clubs and fellows of colleges, from the expectants of their vacated places. And it is very true and intelligible that the rate of mortality in an association of wealthy gentlemen is no criterion of the rate of mortality in a community of rich and poor of all degrees. Not long ago, the French Government were surprised by learning from the statistical tables of births and deaths, that the greatest mortality prevailed in one of the healthiest quarters of the city of

Paris. So strange a phenomenon courted investigation. It was ascertained that the amount of assessed taxes drawn from that district was smaller than the amount drawn from other quarters in which, notwithstanding their being less healthy, the mortality was less rapid. This new fact solved the riddle presented by the former one. The less heavily assessed were of course those who had less of this world's goods, and suffered more from those wants and hardships which gradually debilitate and at length destroy the principle of vitality.

3.—On the subject of Voluntary Restraint, it is not necessary to repeat the argument by which it has been demonstrated to be, even when not accompanied by an impeccable chastity, more or less a check of a virtuous character on the increase of population. It has been stated that the motives to it operate more widely and powerfully in an old than in a new country. Whether that condition of society, in which late marriages are customary, is a condition of improved morality,—whether, in short, voluntary restraint from marriage is, on the whole, productive of more virtue or vice, is a question that will hereafter be considered.

That so acute and fair a reasoner as Mr. Malthus should have fallen into the error of logic we have been pointing out, is a marvel not altogether inexplicable. One part of Mr. Malthus' work was devoted to the refutation of the evil doctrines broached in Mr. Godwin's essay upon "Political Justice." To that ingenious, but incautious, speculator, the artificial distinctions and regulations of social life appeared to be the fruitful sources of misery, and the very hotbeds of crime: and in their

abolition his sanguine mind discerned the seeds of a rapid and universal improvement, and the dawning of a golden age. Mr. Malthus contended that civil institutions, —the institutions of marriage, of property, of government, etc.—are the essential elements, and only durable foundations of society; and that a state of equality, like that which Mr. Godwin desired, could last but for a short time, and would at length be broken to pieces by the pressure of population upon food. With the pencil of a master he depicted the horrors of a time, when the multiplication of the numbers of such a community should be arrested by the sharp sword of famine, driving them on to desperation, profligacy, and the worst deeds of unbridled wickedness. To this argument it was objected that vice and misery were supposed to be the only two checks upon population, whereas it was absolutely certain that men were often restrained by moral motives from exercising their animal power of propagation. And it was intimated that moral motives might sufficiently repress the increase of the community, without the co-operation of such allies as misery and vice. This objection, however, does really leave Mr. Malthus' argument intact, because the motives which lead to restraint, whether partial or sustained, grow out of inequalities of ranks and possessions, and could not influence a body, among whom these inequalities did not exist. Mr. Malthus failed distinctly to perceive that the check which he had excluded from view was one, which, however efficacious it may be in the ordinary course of things, and the regular stages of society, would have no play in the peculiar state imagined by Mr. Godwin;

and hence it was that, in introducing, into the second edition of his book, moral restraint among the number of checks upon population, he was induced to affix that narrow definition of it, which limits and almost annuls its action.

On looking to the animal and vegetable worlds, the members of which, in common with men, possess an indefinite power of propagating their kind, we find them unable to control that power by the force of their own will. The checks upon their multiplication are all external. They perish for want of food, or of room. They prey upon each other, or are destroyed by men. But the human race have the privilege of exercising self-restraint. They are gifted with the intellectual power of foreseeing to a sufficient extent for the government of their conduct the consequences of their actions, and with the moral power of volition, accordingly with the dictates of their reason and subjectively to the judgment of their conscience. This self-restraint is so far exercised that there is no record of the customary age of marriage having at any time, in any country, coincided with the age of puberty. Its strength increases, and its sphere of operation enlarges, with the advance of civilization; as we shall attempt to show.

The wants of mankind are divided into primary and secondary. Primary wants are a given quantity, and include whatever is necessary to subsistence and health. Secondary wants are an unlimited quantity, embracing whatever contributes to comfort and enjoyment. Now, when a man's rank and estimation in society depend upon his ability to gratify his secondary wants, there

is a strong inducement to him to defer marriage, with the probably consequent expenses of a family, in order to purchase that ability, with its accompanying rank and estimation in society. It may be laid down as a rule, therefore, that the number of secondary wants is the cause determining the influence of moral and prudential motives in restraining from marriage. And this position is confirmed by an examination of the habits both of different classes in the same country, and of the same class in different countries. In England, the tradesmen marry later than the agricultural laborers, and the professional classes still later than the tradesmen. Again, the Irish peasantry, who know but few secondary wants, marry earlier than the English peasantry: and it is also found that the earliest and most reckless marriages take place among the poorest and most destitute of the working classes of Ireland; whilst, in those districts in which the condition of the Irish approximates to that of English peasants, their habits also assimilate.

CIRCUMSTANCES WHICH GOVERN THE EFFECT OF WAGES ON POPULATION.

We shall now proceed to a portion of the subject, which is full of interest to the economist; and shall examine the circumstances which influence the multiplication of the numbers of the laboring classes, and, by consequence, the rate of wages.

First, however, an error must be noticed, common to most writers upon the subject. In estimating the different proportions contributed by rents, wages, and profits, to the amount of national wealth, they have

regarded wages as a fixed, stationary, quantity. This supposition, often at variance with other parts of their own theories, and utterly untenable, was, nevertheless, eagerly embraced, as simplifying a problem that is really very difficult. Even Mr. Malthus partook of this delusion, to a certain degree. He fancied that the same quantity of labor could always be commanded by the means of subsistence, and thence inferred that the rate of wages was uniform and invariable, except in so far as it was occasionally made to oscillate slightly from one side to the other of its general position, by the collisions of population with food. He argued that, if food abounded, population would increase, till, outstripping the means of subsistence, it was impeded by want, and gradually forced back to a level with the means of subsistence: and that similar progressive and retrograde movements would be repeatedly alternating. This reasoning, however, is contradicted by facts. Any change in the rate of wages may either accelerate, or retard, the movements of population. There is but one case in which this statement does not hold true. That case is, when the population are already at the minimum of subsistence, and a decrease takes place in the rate of wages. Such a decrease, at such a time, necessarily retards, and cannot possibly accelerate, the movements of population. This single case excepted, a rise of wages may lead to the increase of the population, as it obviously supplies the means of maintaining larger numbers; or it may lead to the gratification of secondary wants, and so obstruct its increase. A fall of wages may repress the advance of population;

but that effect may be obviated by the relinquishment of secondary gratifications, which would preserve the means of subsistence undiminished in quantity.

The circumstances mainly determining the effect of a change in the rate of wages upon the number of laborers in a community are, the form in which the laborers receive their wages, and the length of time in which the change of rate is brought about.

1. *The form in which the laborers receive their wages.* When wages are paid in kind, the effect of a rise of wages is to accelerate, and of a fall of wages to retard, the movements of population. A rise of wages paid in produce is not so likely to create more secondary wants, as to administer to the primary wants of additional numbers. It is not so, where wages are paid in money. There a rise of wages leads not to an increase of population, but to the gratification of secondary wants. And a fall of money wages, except at the crisis when the population are at the minimum of subsistence, is less likely to diminish the population, than to deprive it of some secondary gratifications.

This point is so important that we shall not mind repeating it, if we may so make it plainer. Mr. Malthus erred in arguing that, because a deficiency of the means of subsistence is a check to population, therefore a superfluity of them must necessarily be a spur to it. For it is plain that a command over superabundant food gives the means of gratifying secondary wants by the exchange of food for other commodities, and in this way frequently operates adversely to the growth of a community.

2. *The length of time in which the change of rate is brought about.* It makes a vast difference whether the change have been accomplished in a year, or a century. The habits and feelings of a people are not easily altered: and sudden changes are less salutary than slow ones. A rise of wages, consequent upon a great mortality produced by an epidemic malady, will be apt to cause a forward movement of population, which will shortly be arrested by misery. A gradual rise of wages will beget a desire of secondary gratifications; on the contrary, a sudden fall of wages will retard population, which would not be affected by a gradual declension.

These two circumstances, the most potential of any that regulate the influence of a change in the rate of wages upon the movements of a laboring population, act together, and are modified the one by the other; and it is to their combined operation that the practical economist will direct his attention.

Some other circumstances affecting the multiplication of a laboring population are,—

1. *The degree of civil liberty enjoyed by the people.* In some countries a difference of race has placed an impassable barrier between the aristocracy and the peasantry; in others, the body of the people are prevented by unjust laws, or by economical obstacles, from mounting into the higher classes. The hope of elevation into the upper walks of society, and of attaining stations of dignity, authority, or influence, is a powerful motive to the deferring of marriage.

2. *The number of intermediate orders.* In countries,

like Poland, where there are but two classes, nobles and peasants, separated by an immeasurable distance, the latter have no chance, and therefore no hope of mounting to a higher position. In countries like England, where there intervene numerous orders, each man is stimulated by the desire of raising himself into the order immediately above him: and this motive operates forcibly and widely in restraining from early marriages.

The lower class, in such a country as Poland, are pretty much on a par as to their condition. The only way in which one peasant gains an advantage over another is by a more careful economy, which enables him to lay by something against seasons of sickness or distress, and the period of old age. In such a state of society, there are but few motives to accumulation. Nor is it wise, in any state of society, to weaken or diminish the motives to accumulation, by making provision for the poor in exigencies which they ought to have foreseen and prevented. This was the folly and fault of the old Poor Laws of England, from which the new Poor Laws are happily free. Under the old system, the poor never saved up against sickness, scarcity, or infirmity, secure of obtaining relief from the parish. Young couples have been known to apply to the parish for assistance the day after their marriage. To make a peasantry self-dependent, is, in some measure, to make them prudent and economical.

3 *The degree of parental influence.* On the continent, parents exercise a great influence, because their children are dependent upon them for the necessaries of life. Consequently, they can hinder them from

marrying early. In England, on the contrary, children are very independent of their parents. A lad can find work and livelihood here as easily as his father; and may therefore dispute his will with impunity.

4. *National education.* Education rightly conducted, and including the development and training of the mental powers, and the formation of character, as well as mere instruction in knowledge, is, without question, auxiliary to those motives which lead both to restraint from premature marriages, and to the maintenance of an immaculate chastity during the period of restraint. An intelligent, prudent, industrious people will delay marriage till they can marry with comfort.

Mr. Malthus entertained the opinion that it would be highly advantageous for the lower classes to be instructed in the science of Political Economy. He fancied that, if once convinced of the imprudence of early marriages, they would afterwards refrain from them. In this sanguine anticipation, however, it is painful not to be able to concur. The mischievous effects of early marriages often light upon, not the parties concerned in them, but succeeding generations. A man might possibly be deterred from prematurely forming a matrimonial connection, could he be persuaded that he himself would certainly suffer from it; but he will be little affected by representations of future contingent peril to the class to which he belongs. However, the circumstances and considerations that tend to restrain from marriage will influence people, whether they are conscious of being so influenced or not. They will be practical, without being theoretical, philosophers. Nor

does it appear desirable for them to understand the principles of the science; except in so far as a knowledge of the real causes of their distress might sometimes silence the murmurs of popular discontent.

These four circumstances noticed as generally influencing the multiplication of a laboring population, also influence, though in a degree which it is difficult to distinguish or estimate, the effect of a change in the rate of wages upon that multiplication. And it may be observed, in concluding this part of the subject, that in countries where an uniform rate of wages has long prevailed, there the laboring population are found in an inert and stagnant condition, both social and economical,—a condition the more gloomy, because marked by no signs of approaching improvement.

It is an ascertained fact that the number of marriages in England is small compared with the number of marriages in other countries, and yet the population increase faster here than elsewhere. How is it to be accounted for that a nation, among whom the number of marriages is decreasing, should multiply more rapidly than nations among whom the number of marriages is increasing?

This seeming paradox is of easy solution. While the number of births is decreasing, deaths may also be becoming fewer, and, possibly, in a larger proportion. This is the case in England. It is astonishing to consider the steady increase of the average length of life which has been taking place amongst us of late years. From the continental statistics, which are better than our own, we learn that, fifty years ago, on the conti-

nent (and probably in England, too,) the proportion of average deaths was one in thirty-six. It is now one in fifty-seven. The rate of increase of population is determined by the excess of births above deaths. In a society where few deaths occur, fewer births are necessary to maintain, or accelerate, the rate of population.

There have been writers on this subject visionary enough to dream of such a melioration of our social and economical condition, as would confer immortality, or, at least, indefinite longevity, upon the human race. It is not, however, less certain that men must die; nor shall we waste words to prove that there is a limit to the utmost prolongation of life that can be effected by any inventions or discoveries. There is a point, indeed, still distant, to which it is not unreasonable to expect that progressive civilization may ultimately carry us, when population will be rendered stationary by the multiplication and joint operation of motives restraining from marriage on the one hand, and, on the other, by the prevalence of those habits and the perfection of those arts which preserve in health and vigour the vital principle. But, granting the case supposed to be an extreme one, and beyond the chance of realization, the argument founded on it is as good as the argument founded by Mr. Malthus on a supposed case equally extreme and improbable, and may, therefore, fairly combat with it. Mr. Malthus supposes the globe to fill with inhabitants, and asks whether the next increase of population must not be productive of misery. Only conceive an extraordinarily prosperous

state of things to occur with the extraordinary filling of the globe with inhabitants, and a check appears strong enough to keep the population stationary.

Moreover, were there no causes of a moral kind at work which confine population within the means not only of subsistence, but of comfort and enjoyment, there would be no ground for anticipating such a steady and regular increase of numbers as would end in over-peopling the earth. For when has a steady, regular, increase of numbers ever taken place? Which were the happy ages that witnessed no social revolutions and convulsions? Look at Mesopotamia, at Arabia, and many other of the countries renowned in the annals of antiquity, once scenes of activity,—theatres of great acts, birthplaces of mighty nations,—now vast and barren solitudes, whose awful silence is but occasionally broken by the hoarse notes of the bird of prey! Surely the history of the past furnishes no record of an increase of population so continuously rapid, as to baffle all attempts to meet it by increased means of subsistence.

But is it really preposterous to imagine a population arrested in its progress by the energies of social improvement? Let us put the case. Fancy a small society of twenty or thirty families; place them, if you please, on an island; and allow them to be surrounded with comforts, and in a highly advanced moral and intellectual state. Such a population would be likely to live long, all the ordinary causes of premature decay or destruction being excluded from assailing them; and a very few births would suffice to maintain their numbers. In such a body, too, at the same time, the moral

motives adverse to marriage would be peculiarly potent. We cannot deem it absurd to contend that their force might be fully equal to the violence of an animal appetite.

We rest convinced, then,—and the conviction is as pious and delightful as it is reasonable—that Providence has not endowed men with a passion, whose operations are continually menacing, or marring, their happiness; but that, as it became a moral governor to act towards his moral subjects, he has ordained their welfare to be dependent on the right development and culture of their moral and intellectual constitution, to advance with the spread of virtue and knowledge, and to be consummated in the final triumph and dominion of religious truth.

There are, however, other arguments to be encountered, by which the doom of mankind to perish by starvation is supported; and, first, a race of speculators present themselves, who believe the earth's fertility to be daily decreasing. The effect of the progress of agriculture on the movements of population will be brought under view, in this discussion.

Unhappily, Mr. Malthus has lent the sanction of his great name to the dogma that population must inevitably, in the course of things, drain the resources of the earth. Had he so far modified the proposition as to say that the increase of numbers would gradually sweep away all the comforts and luxuries of civilized life, and reduce men to the bare means of subsistence, it would have been less pernicious though not more correct. Let us, however, bring the odious dogma to the test of

fact. If it be really a law that population should gain upon food, it must follow that nations, as they grow older, must either be worse fed, or must employ a greater number of laborers in producing food. We will inquire whether these consequences have followed upon the growth of our own population: and will compare the present state of things with the ante-Elizabethan times.

Certainly, we are not worse fed than our forefathers. The food of the common people, before the great Queen's reign, was rye-bread. It is now wheaten bread,—a luxury, enjoyed by the populace of no other country besides England. Some persons, and amongst them no less a man than Cobbett, have got a notion that in the times of yore the commonalty were accustomed to feed upon beef, mutton, pork, and good things but rarely tasted by the poorer classes of our own day. But the old writers who use this language meant by the commonalty, not the lower, but the middling, orders,—not villain serfs, but trading capitalists, etc.

Nor in England are more laborers employed in producing food than heretofore. Before the Elizabethan era, four-fifths of the English population were engaged in agriculture: and now one-third only is so engaged. To put the case in a more striking manner, whereas, before Elizabeth's accession, four men produced food for themselves and one other, now one man produces food for himself and two others, and better food, too.

Mr. Malthus's dogma, then, falls to the ground, as the deductions, of necessity arising out of it, are belied by facts. But it will be interesting, and perhaps useful, to

trace the origin and progress of the fallacious reasoning on which the dogma has been built. The authors of it lay down the fact, that if upon a piece of land, which has yielded as much as a bushel of wheat to the first outlay of capital and labor upon it, you expend half as much capital and labor in addition, you will not obtain a bushel and a half, but probably no more than a bushel and a quarter. Hence they proceeded to infer, that, always and everywhere, an increasing expenditure of capital and labor was accompanied with a decreasing proportionate return of produce.

Let their fact stand unquestioned. When a very minute spot has been weeded, dug, drained, and manured, as well as our present knowledge renders possible, it may seem that more expenditure upon it must be more feebly rewarded. Even as to such a limited spot we might possibly be mistaken: but when we include in our view larger districts—not only countries, but portions of land such as are usually cultivated under the direction of one person—the case becomes altogether different; because we must then take into calculation the increased power gained by increased skill in the combination and succession of different crops, and in the modes of consuming them, and making them re-act on the fertility of the farms.

To come to illustrations. In the olden times a farm of one hundred acres would be thus cultivated:—It was divided into an outfield and an infield; of which the former was devoted to pasture, and the latter kept ploughed for grain crops,—wheat, barley, or oats. These, however, being exhausting crops, the land re-

quired to be occasionally rested by fallows, or leys, as the exhausted fields were once called in England, when abandoned to their natural produce for a time, though destined to be ploughed up again. The infield was always partially recruited by the manure furnished by the cattle; and sometimes bits of the outfield would be alternately sown with grain.

Since then, roots, artificial grasses, and various green crops have been introduced, with which the fallows and a considerable portion of the pasture-land are covered; the soil, refreshed by an alternation of crops, is found to require no rest from production; a larger number of cattle are fed with the produce of ploughed ground; a greater quantity of animal manure is obtained: and the powers of the earth are thus kept in more constant and vigorous action. The one hundred acres will now yield four crops annually,—two in one field, and two in the other. From this reference to history, it appears that the produce of the earth, so far from experiencing a gradual diminution, is capable of being indefinitely augmented, in proportion to the increase of skill, and the assistance which it receives from capital.

Ousted from all other positions, there is yet a resort to which these alarmists betake themselves, for the defence of their favorite dogma; and that is the fact of colonization. To what other cause, they ask, can colonization be attributed, except to the pressure of population upon food? Now it is quite certain that our early colonization did not originate in this cause. Some of our first colonial adventurers were actuated by

the hope of discovering mines: others, more enlightened, had in view the ordinary objects of industry and commerce. But in none of the works written in recommendation of the early schemes of colonization,—the treatises of Gilbert, Peckham, Carlisle, Harriott, etc.,—is there to be traced any apprehension of an approaching scarcity.

Nor is it difficult to give an answer to the question so vauntingly asked. Capital may, doubtless, be expended far more profitably upon a virgin soil, than upon an old soil, whose flagging energies need to be stimulated by the devices of ingenuity. But does this prove that improved skill and power cannot elicit more abundant crops from an old soil than it bore to a clumsy and feeble husbandry? People who could live in England in a much higher style of comfort than the laborers or capitalists of the Elizabethan age, may yet prefer to transfer their capital or labor to America or Australia, where it will enable them to live like kings. Colonization is neither necessarily the effect, nor infallibly the sign, of national indigence. The richest nations of the world, England and France, are those which have sent out the largest number of colonists.

It is not, however, for a moment to be denied, that colonization is an useful outlet to population. Only it is contended that it may as often be a refuge for wealth greedy of aggrandizement, as for poverty threatened by the jaws of famine. We have seen, too, that, on reaching a very high point of civilization and prosperity, the population of a country would be likely

to become stationary. Now a benevolent man could not but wish an intelligent, moral, and happy people to multiply. And this desirable object might be effected by colonization. A desire to escape from the restless struggle of competition at home, together with the attractions of a virgin soil abroad, might induce a part of the population to emigrate, and so make room for an increase of numbers. The fact of colonization, then, affords no support to the dogma we are engaged in refuting.

Still it is pertinaciously maintained that, as the earth's extent and productive power are definite, and mankind's power of multiplying their numbers is unlimited, the resources of food must at last fail the swelling multitude. But what a fallacious argument is this, plausible though it be made to appear. For do men use to the utmost their power of propagating their kind? Are there no checks upon their exercise of that power, growing out of their condition and circumstances? These are questions for our antagonists to answer. They must explain how it is that no more than a tenth part of the globe has at any time been peopled. Now they can only get over this difficulty by asserting that the checks which formerly controlled the increase of population will become fewer or feebler, or cease to operate at all. And here we join issue with them, confidently believing, as we do, that those checks upon population which resolve themselves into misery and vice will tend to become indefinitely weaker, whilst that which is constituted by voluntary restraint, and is indicative of moral and intellectual

elevation, will for ever be gaining fresh might and an enlarged sphere. Our antagonists deem it not extravagant to anticipate a day, when wars, and intestine disturbances, and crime, and vice, and ignorance will have fled away before the victorious march of a sound philosophy; when the peace of the world will be unbroken; when the art of government will be fully understood, and honestly practised; when knowledge will be universally diffused, and intellect universally expanded; and social and economical improvement have reached its highest pitch. Is it, then, to be expected that the progress of civilization, while it informs and invigorates the mind of nations, elevates their character generally, and brings under restraint their malignant and sordid passions, will fix them in a faster bondage to one particular appetite? Will a career full of glory and happiness terminate in the horrors of famine, and the yet more awful horrors of the wickedness to which despair urges the wretched? Surely not. We will, on the contrary, venture to predict that, whenever vice and misery shall be banished from the earth by improved political institutions, the functions which they performed as checks upon population, will be superseded by the widened and increased influence of foresight and moral motives. While we hesitate not to concede to Mr. Malthus, that a population, doubling itself every score of years, would, in the course of a century, be involved in extreme misery that would not only obstruct its progress but diminish its size; we affirm that so rapid and extensive an increase is, in the last degree, improbable,—and, in fact, impos-

sible, without an alteration of the laws which at present regulate human nature and human affairs.

And now we dismiss from consideration these errors, which we shall perhaps be thought to have refuted too laboriously,—for doing which we may plead in excuse that they have domineered over the science of Political Economy for five-and-twenty years, and are by no means yet thoroughly eradicated from the public mind.

It remains to weigh together the good and evil effects which the necessity laid upon nations, by the progress of civilization, of deferring the age of marriage, produces on the condition of a community; and to strike the balance between them.

1. The most obvious effect of the postponement of marriage to a riper age, is the scope thereby given to licentiousness. This evil effect it is impossible to overlook or deny. It must be borne in mind, however, that licentiousness is not the worst of the vices, either in point of moral turpitude or injurious tendency.

2. A second effect is an improvement of character. There is a feeling of approbation and a sense of elevation accompanying acts of self-control. Besides this, the delay of hope, or its suspense, blends with the mere sensual passion, a delicate, respectful, enthusiastic feeling of love, which is the germ of poetry. The feelings first woke up the imagination, and the earliest poet was Love.

3. A third effect is the refinement of manners, which have justly been styled lesser moralities, and are an inferior kind of virtues. The female sex, when it

ceases to be regarded as a toy which men may play with at their will, or merely as an instrument of gratifying their animal instinct,—when it requires to be courted with a delicate and distant homage, and its presence is felt to be a restraint upon all looseness of language and behaviour,—exercises an influence on the character, the value of which it is not easy to overrate.

4. A fourth effect is an increased energy, and a care for their reputation, in all classes of the society. A young man who looks forward to having an establishment of his own, and who desires to place all the members of his family on a respectable footing, has motives to industry and good conduct of a very cogent kind.

5. A fifth effect is the increased value which children acquire in the eyes of their parents, and the greater care that is paid to their education and instruction, when, instead of being the offspring of a sensual passion that is indulged as soon as felt, they are the pledges of mutual attachment and fidelity, and of an union which, being founded on sympathies and congenialities, is destined to be as permanent as it is intimate.

The good effects predominate greatly over the evil; and it will be observed that, in the course of improvement, the single evil effect gradually diminishes, whilst the good ones become more and more prominent. Hence a hope may be encouraged that, ultimately, nations will purify themselves from sexual vice, and abstinence from marriage will be accompanied by an impeccable chastity.

Philosophers have sometimes erred in assuming final causes; and then endeavoring to account for phenomena by a reference to their operation. Thus it was at one time an axiom of Natural Philosophy that nature hates a vacuum, by which it was attempted to interpret the motions of the heavenly bodies. It was a safer, and indeed a perfectly correct process, by which Newton arrived at the principle of gravitation. He collected and examined the phenomena; and he found that they were all reconcilable with the supposition that the different atoms of matter are attracted to the centre of the earth by a force varying inversely with the squares of their distance. And, similarly, the facts we have been noticing warrant the conclusion that God has adapted the nature and condition of men to their moral discipline and probation; and has put it in the power both of individuals and societies, by the subjection of their animal passions to moral and prudential motives, to attain to a great intellectual elevation, and to acquire a moral worth and dignity. On the other hand, there are wanting facts in support of the notion that men are under the dominion of an evil being or destiny, urging them on incessantly to misery and ruin.

We have now done with the subject of Population.

We have already had occasion to remark how what is just is also invariably expedient. But this is a lesson which is at once so difficult and so important for rulers to learn, that a fuller exposition of it may not be without profit. It will be demonstrated incon-

testably that no circumstances, however favorable, no institutions, however specious, no appearances of prosperity whatever, can authorise a belief that the productive powers of a nation's industry are being fully developed, so long as the mass of its people are not in possession of their just political rights. The facts which attest this assertion have been previously stated, and will only be alluded to in applying them to the argument in hand.

1. First, as to the productiveness of agricultural labor.

In those backward stages of society, in which the laborer of the soil is also occupant, whether his tenure be that of a serf, metayer, cottier, or ryot, agriculture has been found to be unskilfully practised and feebly aided by capital, and consequently, to yield but scanty returns to the labor employed in it. Now, looking to the political position of such laborers, we see them to be, more or less, slaves,—virtually, or actually, by circumstances, when not by law, inasmuch as they are unable to change at will their homes or their masters. The reasons are obvious why the labor of a slave must be inferior to that of a freeman. It is, indeed, true that Greece and Rome made progress in wealth at a time when the mass of their communities were slaves. But this only proves that domestic slavery may succeed to a still worse state. So it was in the cases adverted to. The slaves of Greece and Rome were captives taken in war, who would otherwise have been put to death; an alternative not unfrequent among barbarous people. But domestic slavery contains within itself the seeds of its own decay or destruction. Slaves, un-

manned by servitude, who have no part in the government or property of the community they belong to, will not defend it with courage, in the season of danger. This can only be expected from free men, possessed of comforts and privileges, and alive to their value. It was owing to the absence of large classes of free men, and because the mass of the social body were in a condition of servitude, that Greece was conquered by the Romans, and that, subsequently, imperial Rome herself was trampled under foot by the independent, bold, and hardy barbarians.

2. Secondly, as to the productiveness of non-agricultural labor.

The productive powers of non-agricultural labor are plainly dependent, in a considerable degree, on those of agricultural. Nor is this only because the numbers of the non-agricultural classes are controlled, and indeed determined, by the numbers of the agricultural. Doubtless, the efficiency of non-agricultural labor is in part regulated by the number of persons, or the quantity of industry, engaged in it. But another circumstance, yet more influential in determining its efficiency, is the amount of capital employed in giving it power: and the amount of capital devoted to the assistance of non-agricultural industry, must be what is not needed for the aid of agriculture. Now the means of non-agricultural production are vastly more augmented by the accession of capital than of industry. For, emphatically, machinery is the great pillar of non-agricultural wealth. Nor is it, as might at first be imagined, for the production of articles consisting of the most precious mate-

rials and requiring the greatest delicacy of workmanship that the most subtle and complicated machinery is brought into play. It is in the production of the vulgar commodities of every day's use that the highest efforts of ingenuity have been made, and that the most wonderful feats have been achieved.

And here at once the observation is forced upon us that the productiveness of non-agricultural industry must be limited by the demand for its products. Now, a general demand for these is an indication of general wealth, or ability to pay for them, and will never be made by a people whose governors are prompt and vigorous to demand the lion's share of that wealth, or wish to prevent them from rising to that social and economical position, which eventually becomes one of political power. The exclusion of the lower classes from political power and functions is a barrier to the elevation of their character, which is commonly a reacting cause, as well as an effect of economical improvement. A grasping taxation, on the other hand, acts as a check on the multiplication of secondary wants, —the parents of those prudential motives which defer the marriage age, keep population within due bounds, and produce, as well as indicate, an elevation of character. It is therefore obviously, the most inexpedient thing in the world, for it defeats its own ends, by drying up the very sources of public revenue.

The case of France is in point. In the times of Louis the Fourteenth France conceived a strong jealousy of the growing wealth and prosperity of England, who had long ago been enabled by the exuberance

of her agricultural produce to divert her capital and labor to non-agricultural employments, and whose manufactures were at the time greatly flourishing. In the eagerness of their rivalry the French Government founded a woollen manufactory at Abbeville, and invited some Flemish nobles, whom they loaded with honors and secured against all contingent risks, to undertake the superintendence of it. The cloth it produced was of the best quality: but, to the astonishment of the government, there was no demand for it in the country; and, instead of a profit, the manufacture became an expense. To what was this owing? Unquestionably to the oppressiveness of the *Taille*. The people, being taxed in proportion to their property, exerted all their wits to cheat the government, and to appear poor. Rousseau tells a curious story illustrative of this fact. Once, while travelling, he stopped at a peasant's door, and asked for some refreshment. The peasant, suspecting him to be a spy of government, presented him at first with the coarsest fare; but, conversation with his guest having removed his apprehensions, he brought him good bread and wine out of his cupboard. In the case of the manufacture, it is plain that the people either could not afford to wear superfine cloth, or preferred using inferior materials, to paying a heavier tax.

These observations will fitly introduce the subject of Taxation.

TAXATION.

Taxes are the share of the government in the revenues of a country.

Taxes may either prove unproductive, or may shift their incidence. Commodities taxed may be disused, as soon as taxed; or the tax may really be paid by some other class than the one that seems to be burdened with them.

The sources of revenue are rents, wages, and profits. We shall inquire whether each of these portions are taxable, and to what extent. These questions have been much debated, both in ancient and modern times. The ancients fancied that rents alone were taxable. Mr. Locke, whose high reputation gave currency to his errors, and who was followed by the French Economists and some English writers, arrived at the same conclusion, by a series of reasonings and assumptions, from which it appeared to result that the amount of wages and the rate of profits are determined by causes which keep them beyond the reach of change, and preserve them untouched amidst the workings of any possible scheme of taxation. That the rate of wages is invariable—a position that defies all history—has already been at length disproved;[1] and the uniformity of the rate of profits is a paradox so monstrous, as not to demand a set refutation. Nevertheless this dispute, in France, became the fuel of political strife and agitation. Vauban, the celebrated engineer, and Du Bois, a councillor of the Parliament at Rouen, took

[1] See Lectures on Wages.

occasion, in their writings, to condemn the Taille, and to propose tithing the agricultural produce. Du Bois was imprisoned for his pains: and Vauban being represented to Louis by the ministry of the day as hostile to his government, and being slighted by the King in consequence, went up to his garret, and died of a broken heart, the first martyr to Political Economy.

Du Quesnay was the father of the writers who go by the name of the French Economists, and who, as it was said, maintained this erroneous opinion. They attacked what was called the balance of trade, and all restrictions upon commerce. The English writers, who advocated free-trade, but acknowledged the value of a balance, were styled Demi-Economists.

If wages and profits vary, they will admit of reduction, and may be reduced by taxation, as well as by other causes.

Our business will be to discover in what mode and degree wages, rents, and profits, are severally taxable. In the course of this investigation, it will be seen that the tendency of taxes to shift their incidence or to become unproductive, is very intimately connected with the movements of the population, and with the relations between the laborers and the owners and tenants of the land.

Rents appear in the history of nations to have been the earliest subject of taxation; or, in other words, in the first stages of society, the revenue of governments is drawn principally from the land. This was the case in Asia, the quarter of the world first inhabited. It was likewise so in Egypt, in Mesopotamia, and in Persia.

Every one remembers how, when Themistocles fled to the Court of Artaxerxes, and sought protection from him, that monarch assigned him the revenues of three cities for his support. And we read of Eastern princes moving from one part to another of their dominions, consuming their revenue as they moved.

We may refer for this to the chronicles of the Jews. Of all their monarchs none surpassed Solomon either in genius or magnificence. In perusing the story of his reign, one is tempted to think that his gift of wisdom was a talent for keeping his people quiet under oppression. The number of men employed in the construction of the temple, which was a work of seven years, and in building his own house, which occupied thirteen more, was immense: and all these must have been maintained at the public expense.[1] He bought his timber of Hiram, King of Tyre, and paid for it by an annual supply of wheat.[2] He lived himself in the most sumptuous style; and had twelve officers appointed to provide victuals for himself and his household, upon each of whom devolved a month of duty in the year. These officers, it would seem, collected the produce from the people, who brought it to them at certain appointed stations.[3] Besides, he kept a large military establishment, and, we are told, had forty thousand stalls of horses for his chariots, and twelve thousand horsemen.[4] The resentment which this exorbitancy awakened, broke out into open rebellion, when a less prudent and able prince succeeded to

[1] 1 Kings, v., 13-17.
[2] 1 Kings, v., 11.
[3] 1 Kings, iv., 28.
[4] 1 Kings, iv., 26.

the throne, and ten tribes revolted and set up a new king over them.

In China, at the present day, the provincial governors receive the articles of their consumption. In modern Persia, the civilians are not unfrequently salaried in the same way. The largest constituent in Anglo-Indian revenue is the land tax, because nearly the whole native population, and therefore nearly the whole production, is agricultural. Even now, in parts of India, the pin-money of the queens of native princes consists in villages.

Let us look to Europe. During the regency of the Duke of Orleans in France, in the minority of Louis XV., a commission was instituted to inquire into the revenues of the country; and from their report it is ascertained that the condition of Europe at that time, in respect of taxation, resembled very closely the present condition of Asia; that is to say, the produce of the soil was most heavily taxed. Nor does it make against this assertion, that, under the feudal system, services were taxed as well as commodities, and obligations also imposed, such as to repair bridges and to attend in courts of justice. The obligation to attend in courts of law was, it may be cursorily remarked, a valuable privilege, wrested from the people of England under the Norman dynasty, when the county courts, established by the Saxon kings, were abolished, and all judicial powers vested in the court at Westminster. Personal military service, though at first rigidly exacted by the Norman monarchs, was afterwards made exchangeable with a money-tax. To the

exaction of personal military service may be traced the growth of a martial spirit, one of the elements of chivalry; to the substitution of a money tax, is incidentally due the institution of a Parliament of Commons. When peace succeeded to war; when military services were no longer needed; the King found it expedient to sell his right of demanding them for regular subsidies, to settle the amount of which he convened representatives of different counties.

Other sources of revenue had the English Monarch, called incidents, some of which were not a little curious. They consisted of wardships, escheats, reliefs, etc. The strangest, and perhaps the most lucrative of all, was the practice of selling in marriage, which lasted up to the time of James the First.

But we must not linger among these details. The fact is apparent, that in the dawn of civilization, the land is the only, or the principal, material of taxation. Some, however, have considered rents in every form and position of society, as furnishing a fund peculiarly suitable to be applied by governments for the common weal. And this is a doctrine so false and so pernicious that some pains must not be grudged to refute it. The authors of it define rent to be the excess of profits made upon land over what could be made by any other means. And these extraordinary profits are due, they think, to the superior quality of the land on which they are made. They regard them as the boon of nature, whose gifts ought not to be confined to any particular class, but to be equally shared by all.

In the first place, rent consists of surplus profits only

in a country of capitalists, whose capital is endowed with mobility, such as England. It is not so in a country of capitalists whose capital is immobile, like Ireland. Nor is it so in a country where no classes of capitalists are found, as India.

Why is this? The reasons are plain. When no classes of capitalists intervene between the landowners and laborers, the former are obliged to supply the latter with stock as well as with the ground on which it is employed. Hence the payments made to them are made up of profits as well as rents; and as they have in their hands the sources of food, and can impose at pleasure conditions of tenure and use, wages in such a state of things will be what they choose to allow, and will seldom exceed the bare means of subsistence. With the rise of capitalists, rents and profits become dissevered; and this separation is followed by an improvement of agricultural skill and industry, which enables a diversion to be made of capital and labor to non-agricultural employments. It may be taken for granted that no capitalists will expend their capital on agriculture, unless they can thus obtain profits at least equal to what they could make by any other mode of expenditure. Consequently, landholders must let them have such profits, and must be content to take themselves, as rent, only what can be made over and above them. This point has been before adverted to.

In the second place, the surplus profits which are said to constitute rents all over the world, are not owing, solely, or principally, to the superior quality of the soil. Doubtless, the quality of the soil affects its production;

and the different quality of different soils is one of the circumstances determining the different amount of their produce. But it is a circumstance, as has been mentioned, of inconsiderable potentiality, when compared with the increase of industry, of skill, and of auxiliary capital; and its action, though real, is scarcely perceptible amidst the operation of those mightier causes.

Hence it is evident that it is only in a peculiar stage of society that the difference between the profits of agricultural and non-agricultural employment of capital, is a correct measure of the payments made to landowners in the shape of rents. To the actual state of things over the greater portion of the globe, the definition of rent as surplus profits, is inapplicable; and those who persist in including under so untrue, because imperfect, a definition, all the payments made by the occupiers to the proprietors of land, are guilty of the egregious folly of attempting to make unchangeable realities bend to their arbitrary caprices; or, at least, of indulging in speculations, which must always be barren of utility, though capable of being abundantly mischievous. Let those who think that the whole burden of taxation should be laid upon rents, contrast the state of India, where it has been necessary to do so, with the state of England, where taxes are distributed among rents, profits, and wages; and they must be marvellously blind or obstinate, if they still hold to their opinion.

It can be shown to be highly inexpedient to absorb rents by taxation in a country, where rents are really surplus profits. For a portion of rent is commonly expended by landlords in bettering their land, and so

adding to its value, by drains, ditches, etc. This portion of rent has been stated to be, antecedently to the disjunction of profits from rents by the rise of intermediate classes between landowners and laborers, the whole of the capital brought to assist the energies of human industry; and it is, in the more advanced stages when rents and profits are alike determined by wages, not indeed the sole, but still a fruitful, source of improvements in agriculture.

Taxes on profits next claim to be considered. Profits are taxable till capitalists move their capital out of the country rather than pay the tax upon it. A diminution of capital causes a smaller demand for labor, and, consequently, a fall in wages. In other words, the tax in this event has shifted its incidence from profits to wages. At what point this result will occur, is a problem that does not admit of an exact solution. For the causes which determine it are moral causes, differing in the degree of their influence with different persons. Some persons are attached to their own country, or dread expatriation, more than others. Generally men will stand a good deal of grievance before they will go to live among strangers, or will consent to send away their capital from under their own eyes and management. It has been observed that when the rate of profits in any foreign country is two per cent. higher than the rate of profits at home, there is commonly a transfer of capital from home to that foreign country. But specifically to mark out a point is impossible, when that point is constantly varying its position.

Last, but not least in importance, is the subject of

taxes on wages. The actual incidence of these depends on their effect upon the movements of population; and, as taxes on wages are almost identical with a fall, and the abolition of taxes with a rise, of the rate of wages, their effect is determined by the same laws which regulate the influence of a change in the rate of wages upon the movements of population; and it is only by a reference to those laws that fiscal problems (such as the corn laws) can be solved at all[1]. It was demonstrated that, except at one peculiar crisis, any change in the rate of wages may either accelerate or retard the movements of population. Now, suppose a reduction to take place in the rate of wages, in the shape of a tax, under circumstances in which it would retard the movements of population; and suppose the reduction to be of one-third, or, *e.g.*, fourpence out of a shilling. The diminution of numbers would certainly raise the rate of wages (*8d.*), and might not improbably raise it to its former height (*1s.*). In this case, plainly, the wages of labor have been elevated to meet the exigency of taxation; or, in other words, the tax has shifted its incidence from the laborers to their employers, from wages to profits. Again, suppose the same tax to be laid on wages, under circumstances in which it would not affect the movements of population, but would be met by a sacrifice of secondary gratifications; the tax would not then shift its incidence. Of course, whenever taxes shift their incidence from wages to profits, the consequence must be a depression of the rate of profits. In using this consequence as an indication of the shifting incidence of taxes on wages, it is to be steadily borne in mind,

that the rate of profits ought always to be viewed in connection with the mass of stock.

The tendency of taxes to become unproductive, depends upon their nature, or objects. Taxes may be either direct or indirect, or of a mixed kind. Direct taxes are such as there is no means of escaping; as a poll-tax, an assess-tax, a house tax, etc. Indirect taxes are such as it is in the option of every person to avoid, or incur; such, chiefly, as affect consumption, *e.g.*, on wine, coffee, tea, spirits, tobacco, etc. Mixed taxes are either such as are indirect in form, but direct in reality (as a tax on salt, which is a necessary); or *vice versâ*. The first kind of mixed taxes are, of course, unavoidable: the second optional.

In the early stages of society, taxation is necessarily direct. The increase of indirect taxation marks the increase of national wealth. For the true test of a people's prosperity is not their wages, but their consumption. The mass of Englishmen are better off than the mass of any other people, because they alone of all the people of the earth are fed with wheaten bread, meat, and beer. Therefore it is that rulers should ever bear in mind that the power of taxation depends on the well-being of the people. Could the Irish peasantry be raised to the condition of the English, their contribution to the coffers of the United Kingdom would be trebled, and would exceed what the King of Prussia derives from the whole of his dominions.

Till the reign of the first Charles no attempt was made in England to substitute indirect for direct taxation. When made by that monarch it gave birth to much

political agitation. On determining to govern without the assistance of Parliaments, he desired Sir W. [?] Cotton to make researches, with a view to ascertain all the modes of getting money which the Kings of England had at any former time employed. Of these modes he endeavored to avail himself. One of them was the following:—There were a class of persons whose trade it was to exchange foreign money; and at that time, when facilities of exchange were scant and paper money unknown, this trade was a lucrative one. Charles seized upon a monopoly of this trade. It is unnecessary to do more than direct the attention to the history of those unjust and oppressive proceedings which involved that prince in perils and woes, and brought him at last to an ignominious death. And it will be enough, too, to allude to the opposition by which Sir Robert Walpole's wise endeavour, at a subsequent period, to extend the excise to a larger number of commodities was met and defeated.

Some there are who imagine that direct taxation is more expedient than indirect. It must be owned to be a more certain source of revenue. But the fact is, that men will not bear to have heavy taxes laid upon the necessaries of life. During the late war, the English Government imposed a property-tax, which raised fourteen millions of money: but the tax was deemed very oppressive, and produced more soreness than the fifty millions which were raised in other ways.

To sum up. We have found that rents are the sole, or principal, subject of taxation, in those stages when they include profits, and when wages are little more

than the means of subsistence;—that, in the more advanced stages, when profits are disjoined from rents, the tendency of taxes on profits to shift their incidence depends on moral causes which cannot be calculated with precision;—that the tendency of taxes on wages to shift their incidence is determined by their effects on the movements of population;—and that the tendency of indirect taxes, generally, to become unproductive, is mainly contingent upon the economical condition of the mass of a people, which again is influenced by their political position and circumstances. We have found that the three primary portions of national wealth are all taxable. And as it would not be less unjust than foolish to lay the whole burden of taxation upon rents, or profits, so it would be a false charity and a false wisdom to exempt wages altogether from imposts. Nothing is a more sure sign of a vigorous constitution and a healthy state in a country, than for every member of the community to be competent to bring some contribution, however small, to the general stock. These numerous minute contributions will swell the general stock to a larger size than fewer and larger ones gathered from the wealthier classes alone. Thus the taxation of England, in which taxes on wages form a considerable element, produces fifty or sixty millions of pounds annually; whilst that of India, which is drawn immediately from the land, cultivated by ninety millions of industrious laborers, yields no more than sixteen millions.

There is, indeed, no matter so difficult in practice as the taxation of wages. At first they are not a fit subject of taxation; and when, at length, they become taxable,

they require to be taxed with great leniency and discretion, else their growth is stunted, and they are again rendered unproductive of revenue. Favorable circumstances and happily adjusted institutions have brought the people of England into so thriving a condition that they can endure to have their comforts pretty heavily taxed. Not equally fortunate have been our East Indian fellow-subjects, amongst whom the British Government have introduced various revenue systems, to a brief account of which we shall devote our remaining space.

THE ANGLO-INDIAN REVENUE SYSTEMS.

The payment of a land-tax in kind indicates a state of low civilization, very slowly susceptible of amelioration. On this account we cannot but view it with regret and feelings akin to despondency. It is, however, one of the least burdensome modes of taxation that can be imagined; and far less so than the money-tax for which, in process of time, it comes to be substituted. At first, the money payment is, of necessity, an indefinite one. The proportion due to the government is commonly estimated at the price it will fetch at the neighbouring market, some deduction being made from that price as a compensation for the trouble of exchanging it. But as it is much more convenient to a government to receive a fixed, than a varying amount, so it will be exacted as soon as possible. Thus it happened

in India. Hard it would be even for the most wise and honest government to impose a definite money payment that shall not be oppressive. The rulers of India who introduced the money payment were neither honest nor wise, and taxed their subjects cruelly. The English who succeeded them, though better intentioned and more enlightened, were not able greatly to improve the state of things. To them a money-payment was always and absolutely necessary. Their predecessors had contrived to make shift with a payment in kind, when money could not be got without difficulty: but they had no means of disposing of raw produce. Moreover, whilst in their career of conquest they overthrew native independencies, they abolished or diminished the courts which were markets to the contiguous districts. Their armies, which were constantly traversing the country, though large, were fugitive customers.

The expedient adopted by the English, on entering upon their administration, was to farm the revenues. This brought matters to a crisis. The farmers were always and everywhere tyrants, and tyrannised upon system. They had to make their own profits besides collecting the dues of government, and, their office being a temporary one, took care to make the best use of their time. Their cruelty drove the ryots from their homes and districts.

Such was the condition of things which led Lord Cornwallis to attempt a permanent settlement of the revenue. There can be no doubt of the fair and even benevolent spirit in which the arrangement we advert to was made by this nobleman: yet it is equally un-

questionable, that it was grounded upon delusions, that impaired its justice, and robbed it of its healing virtue. Great ignorance prevailed at that time (which our extended acquaintance with India has but partially removed), with regard to the manifold and diversified rights connected with the soil, which bear no resemblance to the relations which have presented themselves to our notice, in viewing the landed property of Europe. The extreme rigour with which the English had at first insisted upon their proprietary rights, to the neglect of all subordinate claims, had been felt to be oppressive, if it could not be condemned as illegal. Lord Cornwallis, perceiving the expediency of restoring confidence to the cultivators, and anxious to shake off the imputation of tyranny, entered into an agreement, by which the farming agents of the government, who were called zemindars, were converted into direct landlords of the ryots, and made responsible for a fixed and permanent tax. This new plan was first tried in Bengal Proper: the estates were made over to the zemindars; and access was given to the ryots to English courts of law, where they might lodge suits against their new masters.

For a time all seemed to go on well. The natives of Bengal are a tame race, unapt to offer resistance to authority backed by power; and, perhaps, they were not immediately sufferers by the change. This appearance of success induced the British government to extend the experiment to the ceded districts, inhabited by a braver and hardier peasantry. It must here be mentioned that the persons holding the name of zemindars were an anomalous class, differing in situation and

character, and agreeing only in their intermediate functions between the government and the ryots. Some had been the headmen of villages; some pensioners, who held lands in jaghire, as a reward for public services; some officers of government who were salaried in this way; some were small tributary princes; and even of the special collectors, some had the office for a limited period, others had a life-tenure of it, to which others again added a hereditary interest. It happened in a Rajpoot village, which fell to the headman, under the title of zemindar, that the villagers, indignant at this usurpation of their rights, refused the demands of their upstart lord, whose estate, on the defalcation of his appointed payment, was seized and sold by the government to a Bengalee of low rank, still more odious to the haughty Rajpoots. Cases of a like kind abounded; and the ceded districts became a scene of tumult, threatening every moment to break out into overt rebellion. In consequence, the permanent settlement was suspended, and investigations were again set on foot and diligently conducted, which threw some light over a complication of rights and relations, which it has baffled the greatest industry and ingenuity fully to unravel, and which still seems likely to remain for a long while involved in the shades of doubt and uncertainty.

Meanwhile things were taking a different, but not a happier, turn in Bengal Proper. The peasants, too cowardly to oppose the resistance of physical strength to the oppression of government, availed themselves of those means of redress and compensation which were open to them. They went with their complaints to the

courts of law. In one districts no less than thirty thousand suits were lodged. On the other hand the zemindars could only proceed for arrears of debt against a ryot by tedious processes of law; while they were themselves subject to summary treatment by the government, and afterwards, when exempted from imprisonment, liable to the confiscation of their estates, on the failure of any one monthly instalment of their annual debt. They were consequently unable to pay with regularity the stipulated amount; and the expedient, to which they resorted, of underselling their estates, saved them from ruin, only for a time. In about 12 or 15 years from the introduction of the system, the zemindars had almost entirely disappeared. In their place, a new landed aristocracy sprung up, composed of monied Calcutta men and Tehsildars, or native officers of the courts of justice and in the revenue department. Under them, however, as in a less degree under their predecessors, cultivation was rather extended than improved.

In lieu of the permanent settlement, a new settlement, of which the characteristic is that it is not permanent, has been introduced into the upper provinces of the Bengal Presidency. The government lets the estates for a period of thirty years, exacting a rent that is not invariable. In judging of the policy of this system, it should be considered that it was necessary to innovate, where the original institutions of the country had been so shattered, as to be unavailable as a groundwork of fiscal arrangements.

We have to remark in respect to it that there is no real hardship in our apparent resumption of the

proprietary rights of the soil. The people are actually better off than before. A lease of thirty years is, probably, in India equivalent in its effects to a perpetual lease, as in England an annuity for a hundred years is calculated to be equivalent to a perpetual annuity. It is sufficient to stimulate and to reward industry.

Well-meaning, perhaps, but not wise, are they who cry out for a large reduction of the land-tax in India. The wishes of the benevolent, however sincere and earnest, cannot speed the happy day when the condition and character of the Hindoos shall have been elevated by English energy and influence to a level with their masters. That day, we cannot disguise from ourselves, is still far distant. When it comes, it will, of course, open sources of indirect taxation. Till then, if we mean to govern India effectually, to suppress mischief within, to ward off enemies from without, to carry into execution schemes for the reform of the administration of affairs, and for the moral and intellectual training of our subjects, we must secure a revenue, that shall increase in proportion to the increasing demand for expenditure; and for this purpose, we must insist on sharing in the increasing produce of the country. The measure is required and justified by public interests. The new system appears, then, to be founded upon sound principles; and it will easily admit of any modifications that may be called for by local circumstances or personal considerations.

We pass from the Bengal to the Madras Presidency.

To the southern parts of India the Mohammedans had not penetrated; and there Hindoo institutions remained

in their completeness and vigour. There, too, the English began by farming the revenues, in doing which they encountered the same difficulties which had met them in northern India. A similar course of investigations was pursued, which led, however, to very different conclusions from what the Bengal government had arrived at. For those who conducted these investigations in the Madras Presidency announced the inference they had elicited from them to be, that there were no intermediate rights between the ryots and the sovereign, and that whatever did not belong to one of these belonged to the other. An arrangement was consequently made, by which the government was henceforth to transact the matter of rent with each individual ryot, without the intervention of other parties. This was called the Ryotwary system, and was, it is plain, founded upon a principle just the reverse of that which was the basis of the Zemindary system, but was equally false and equally fatal. The one disregarded the rights of the ryot, its framers having been deluded by a name into confounding together an infinite diversity of proprietary claims and interests; while the other swept away, suddenly and violently, a multitude of relations, linking the highest with the lowest. Of these two deplorable errors, the second was the more marvellous. That in the Madras Presidency, where the village system was yet entire, such men as Colonel Read and Sir T. Munro should have contsructed a new system, conspicuous for its perverse contrariety to the cherished feelings and the inveterate habits of the people, must ever be almost as much a subject of wonder as of regret. Heedless of the diffi-

culties of a moral kind, and undeterred by the physical impediments that stood in the face of their experiment, they scrupled not to lay rude hands upon that curious and precise piece of mechanism, the boast of Hindoo policy, and which in the north of India had been spared alike by the bigoted Mohammedan and the fierce Mahratta.

The first thing rendered necessary by this new system was a mapping and measurement of the land in its numberless allotments. A gigantic task, that never could be efficiently done! A curious fact, however, soon came to light. The English government were quite disposed to render the burthen of taxation as light as possible; and, therefore, reduced considerably the nominal amount exacted by the former sovereigns. Yet the people were unable to pay even this reduced amount. This was, doubtless, owing in part to the effects of so sudden a change of system. But it was also discovered, that the people had contrived to cheat the native princes of a considerable portion of the nominal payment.

Under this new system, the payment was to be a permanently definite one. But it was found that an invariable revenue was a thing that existed in speculation only. The people could not pay as much when the crops were scanty as when they were abundant. The legal liability to pay remained indeed unaltered, but the actual payment constantly varied.

Moreover, the rights of the ryots were found not to be perfectly uniform; and other rights entirely distinct, and recognised by the natives under separate designations, also stole gradually into view.

And, in consequence, the first Ryotwary System was abandoned.

Whilst we lament the failure of these systems, it is consolatory to our own feelings as well as an act of justice, to keep in mind that they originated in the most equitable intentions, and an earnest desire to improve the condition of the natives. The dispatches of the home authorities, and the reports of their servants in India, attest these right and honorable dispositions; which are still further demonstrated by the introduction of a new system, called the Mouzawar, formed upon the model of the ancient village system, and evidently framed in accordance with the native customs and prejudices.

Nothing could be more promising than this system, under whose shadow the people had lived happily and prosperously in times gone by, and which was still working well in Bombay: and yet never did any system fail more quickly, more signally, or more completely.

In former days the headman had been under control and responsibility. The old village system which we had rashly destroyed, had provided checks to their power. When we were building up a new system in imitation of that old one, we ignorantly or carelessly left out those checks; we trusted that things would of their own accord revert to their ancient course, and that the influence of habits and associations that could not be supposed eradicated, would supply the place of legal enactment. The event showed us to have been too credulous and sanguine. The new set of headmen

turned out exceedingly avaricious and oppressive; and it was deemed necessary to relinquish the Mouzawar system.

A return to the Ryotwary system was now the only alternative. A second time therefore was this system introduced, with some important modifications which aim at doing justice to those intermediate rights which were before passed over: and it still prevails in the Madras Presidency.

In the Bombay Presidency, which has had the good fortune to be ruled by very wise men, the Hindoo institutions have been preserved, and gradually improved and reformed.

PRIMITIVE

POLITICAL ECONOMY

OF

ENGLAND.

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PRIMITIVE POLITICAL ECONOMY,

ETC.

WHOEVER has heard of Adam Smith, has heard of the almost romantic value which our ancestors set upon the possession of the precious metals; yet few persons are acquainted with the singular processes by which they sought to bring home the golden fleece, or with much more than the names of the early writers who had the honor of first enlightening their countrymen on the true nature of this Midas folly. But this is a chapter in our economical history which it must be always interesting to look back upon: and more especially at present—when the most impregnable of the strongholds of protection has been stormed and taken before our eyes; and when it is evident that all the minor restrictions upon commerce which yet survive, by whatever fallacies and by whatever interests they may be supported, must nevertheless come to the same, certainly not untimely, end.

This delusion as to the function of the precious metals has been said to rest on a confusion of terms. It had a much deeper foundation—an imperfect perception of facts. Those once fully appreciated, the loose use of

language proved no obstacle to the further progress of knowledge. The long existence of the delusion itself will not be disputed, however: and it is to its influence on the legislation and social economy of the nation that we now wish to direct attention.

England possessed no mines of the precious metals which could be worked on such a scale as seriously to affect the amount of national riches, according to the then received notion of riches. It was clear, therefore, that the riches of the country must come from abroad; and how to draw them thence, was the problem our statesmen wished to understand, and very roughly and characteristically attempted practically to solve. Their first handiwork was coarse and clumsy enough: and yet the principles on which they proceeded were substantially the same as were maintained for centuries after by all the leading statesmen of the world, and by men who, like Sully and Colbert, were undoubtedly in other respects far a-head of the times in which they lived. We must not wonder, therefore, to find our early legislators as rash, and as confident in error, as any of those around them.

One of the most remarkable though not the earliest indications of their views, occurred in the reign of Richard II. An uneasy feeling, constantly recurring at very short intervals, agitated the country. Our bullion was failing us—our riches were vanishing—destruction was at hand! And so the king and his counsellors resorted for the most absolute wisdom to the city of London; and the furred and bechained dignitaries were called on to declare what might avail to ward off the

impending calamity. Their answer contained the essence of a theory which was not formally annihilated till the days of Galiani, Quesnay, Harris, and Adam Smith—We must contrive to buy less of the foreigner, than we sell to the foreigner! And, admitting the non-productiveness of our own mines, and putting conquest and spoliation out of the question, the conclusion seemed very reasonable; and our ancestors then, as for some time before, accepted it as irrefragable.

The peculiarities of our earlier legislation sprang at once out of these convictions. The politicians of the day determined that the state should be actually present, by its agents, at every bargain made in the chief articles exported from the country; and should forcibly make such bargains directly productive of bullion. When they had thus got the bullion, they determined with equal firmness that it should never leave the country; and that they would watch the details of every transaction which might lead to its escape with jealous and never-sleeping eyes.

To effect their purposes, they adopted a very complicated system, which we may call *The balance-of-bargain system;* and which, though its object was precisely the same with that of the balance-of-trade system, long subsequently established, yet sought to attain that object by very different means. The later and more thoughtful speculators formally eschewed all inspection of the dealings of individuals; and only sought, by foreign negotiation and domestic legislation, so to influence the productions and general commerce of the country, as indirectly to achieve their purpose of selling more to

foreigners than they bought from them; and distinctly rejected all the ingenious and all the ferocious provisions of that earlier balance-of-bargain system which we are about to describe.

The provisions of that earlier system divide themselves into two classes. The first contains those by which it was sought to bring bullion into the country; the second, those by which it was sought to prevent it from going out. It is difficult to say which were the most unjust, the most harsh, and the most mischievous; and equally difficult to say which was viewed by the public with the most complete complacency—as the perfection of patriotism, wisdom, and statesmanship. The first set are always prefaced by loud praises of this noble realm, and boasts of regard for its prosperity. It did not, indeed, produce gold and silver; but it produced commodities foreigners could not do without; and care, it was promised, should be taken that they were paid for in gold and silver, and that the real riches of the country were thus kept for ever on the increase.

Two instruments were used for this purpose—the Staple Towns, and the Corporation of the mayor and constables of the staple. The establishment of Staple Towns arose out of the social position of all Europe in the early part of the middle ages. The machinery of the mayor, constables, and corporation of the staple, was, as far as we know, peculiar to England; though Scotland, as we shall see, parodied them with tolerable closeness. These towns were at first merely places of refuge for persecuted commerce. Sea and land were

then equally unsafe. The sea, more especially, was infested by pirates, English and French, among whom the people of the Cinque Ports and St. Maloes were conspicuous. These persons made the navigation of the Channel and the narrow seas impracticable. Traders, therefore, were reduced to thread their way through the most protected parts of the Continent. Germans and Belgians, Italians, Africans, and the inhabitants of the Levant, met at certain great fairs: of which that of Troyes, in Champagne, was long one of the most remarkable. The resort was a mine of gold to the feudal lord who protected it; and the traders cheerfully submitted to his fixed and moderate scale of tolls and exactions.

Something more, however, than mere exemption from wrong, was soon found needful. The merchant from Barbary or Spain dealt at Troyes with dealers from Norway or Prussia; and if differences arose, how were they to be decided? Neither could follow the other for justice to his distant and barbarous home. Peculiar courts of justice were therefore established. The traders, the best and longest known, were called by the Count of Champagne to form part of a tribunal, which was completed by the presence of his chancellor, steward, and feudal officers. They decided on the spot. The dusty-feeted *(pieds-poudrés)* litigants were dismissed with a prompt sentence; and the decrees of the Court of the Fair of Troyes are said by Savary to have been considered sacred even on the coast of Barbary. These *pieds-poudrés* courts spread over Europe. That of St. Bartholomew's, the great cloth fair of England, was one

of the most important, and has vanished into thin air almost before our eyes.

By degrees the Channel and narrow seas became more safe. The Italians built stout argosies, and defied pirates; and the Kings of England and France, and the Dukes of Brittany, found it expedient to curb, if they could not eradicate, the thieves of the Cinque Ports and of St. Maloes—the last the hardest to manage of all. It was then that the towns of the Netherlands became a sort of perpetual fairs. The cost of land carriage was got rid of by using them; and they soon learnt to offer the same protection and the same facilities and conveniences which had attracted dealers to Troyes, and other secure continental fairs; that is, they promised the protection of their walls to all traders; they laid down very moderate scales for tolls and dues; and they established courts, very like the *pieds-poudrés* courts, though still with a difference. Foreign merchants were called to make part of them; but the feudal element of seneschals and chancellors was got rid of, it is most probable,—very happily for the litigants. Part of their laws, and some of their magistrates, may doubtless be traced back to the Roman codes and Roman municipal towns. A good sample, indeed, of these courts may be found in our own statute book. Edward III., wishing to divert trade from the Continent to England, tried hard to secure to dealers here the same advantages they found abroad; and established a Staple *Court* in various towns of his dominions—a scheme which his utter inability to protect the persons and property of foreign merchants from rapine and oppression, made nugatory;

although he had made a vain promise that they should not be interfered with by *prelates*, lords, or *ladies*.

These towns, however, as they existed on the Continent, were chosen by the English legislature as the theatres of strenuous attempts to make every bargain in the leading products of England conducive to the pouring a given quantity of bullion into the kingdom. They were called staple towns, it is supposed, from the German word *stapelen*, to heap up, because, as they were perpetual fairs, commodities were to be found heaped up there all the year round. Of the *staple* commodities of England (as appears by 27th Edw. III. and elsewhere), were wool, hides, leather, lead, and tin. Wool, especially, was the subject of the peculiar care and fond reliance of our early English financiers. To make the wool available for their purposes, they established at all the staples a Corporation, consisting of the mayor, constables, and brethren of the staple. The noble remains of the palace of this Corporation at Calais are only now in the progress of demolition by the hands of French masons, who are erecting very shabby dwellings on the site. This incorporated body was bound to fulfil two offices;—one at all times important, another not less important in the eyes of the financiers of the day. First, they were bound to see to the collection of the customs due to the king on the export of wool. Secondly, they were bound to see that part of the purchase-money in every particular bargain was paid in foreign corn or in bullion (principally the first), destined for England. The proportion of the price to be paid, and remitted home in bullion, varied from time to

time in England; but was always regulated. Scotland, which adopted the same plan, extended it to her exports more generally. In 1488, for each serplaith of wool, last of salmon, or 400 cloth, four ounces of silver; for each last of herrings, two ounces were required; and for other goods paying customs, in proportion.

It was in 1313 that this plan of both home and foreign staples was first adopted by England. The mayor and constables were authorised to select some town in Brabant, Flanders, or Artois, and to punish by fine all dealers carrying wool or wool fells to any other place; and were authorised for a time to change the staple towns at their discretion. Accordingly, Antwerp and Bruges, and, as subordinate to Antwerp, St. Omer and Lisle, became the only points at which foreign clothiers could seek their English wool.

The reign of Edward III. exhibits more strikingly than any other the influence and results of this plan on the finances and prosperity of the country. His extraordinary resources in his wars with France, seem to have been almost entirely derived from duties on the export of wool. Sometimes, indeed, he impatiently seized on the commodity itself, and paid £6 in tallies for what he sold for £20. Ordinarily, however, he was content with the vigorous management of his *customers* at the staple towns. The blind ferocity—it deserves no milder name—with which he and his parliaments carried all their measures for thus securing public revenue and public riches, by the management of the wool, is perhaps best evidenced by his famous statute of the staple. Seeing the gain made by the foreign towns

which were successively the seats of the English commerce, he determined to try to draw the trade home; and he established staple courts, staple law, and staple privileges, in various towns of England and Ireland. He promised, as we have before seen, protection to all foreign comers; and, conscious of the state of the country, and of the weakness of his police, he promised to procure for them the protection of certain great men in the neighbourhood of his new staples. But he sadly miscalculated on his own influence, and on the habits of his subjects. In the very next year an act was passed, of which the preamble recites, that the foreign merchants resorting to our staples had been ill used and robbed! It need hardly be added, that his scheme for attracting the staple trade to England utterly failed. But while he was yet eager with the plan, it is really startling to observe the reckless and cruel determination of both king and legislature to make all men and things submit to aid their projects.

Edward had begun his career of glory by a great naval victory at the Swyn; where, with 260 ships, he utterly destroyed a French fleet of 400—the first sea-fight in which a king of England had commanded in person since Alfred. Yet, for the sake of the gain he grasped at from the English staples, he was prepared to sacrifice the whole mercantile navy engaged in foreign commerce, and that apparently without hesitation or compunction; and his parliament was quite ready to second him. The statute passed in 1353 accordingly prohibits the natives of England, Wales, and Ireland, under penalty of *death, and forfeiture of all their pro-*

perty of whatever nature, from exporting any staple goods, or being in the smallest degree interested, directly or indirectly, in the sale of them abroad. Nay, the king tied himself up, and his heirs, from ever granting licenses to any English, Welsh, or Irish merchants for exporting such goods; and declared, that if he should grant any such licenses—for which, let it be remembered, he received a price—they should be void, and *should not protect the exporters from the penalties of the law;* that is, from death and confiscation! It was not, indeed, till 1357, when the dream of riches from English staple towns was entirely dispelled, that this portentous law was relaxed; and English merchants, *as well as foreigners*, were permitted to export wool hides and wool fells—though still under certain restrictions.

From the reign of Edward, till its capture by the French, Calais continued the most constant, and, from the reign of Henry VI., the sole English staple; and succeeding sovereigns and parliaments pursued with unceasing anxiety the policy of insisting on part of the price of every sack of wool sold being paid in money,—to be recoined, if foreign, at the English mint. The instance of Berwick affords one among other strong indications of the exclusive attachment of the government to this system. Berwick, almost destroyed in the Scottish wars, seems to have been an object of care and compassion to its English sovereigns; and, to repair its losses, and raise it from ruin, they declared it a sort of free port; or rather bestowed on its burgesses the right of exporting staple commodities to whatever port

they pleased—and Berwick grew rich on this privilege. It might have been expected that the government and people would have learned a lesson from the experiment, and tried to make rich other ports of England by the gift of like privileges. Not so, however: the example was very distasteful, and was voted a very bad one.

The Staplers' Company represented that the men of Berwick throve by breaking the Staple, in despite of the approved policy of England. They professed that they would take better care of both the king's revenue, and of the task of enriching the realm, than the Berwickers did: and, upon no better grounds, the markets of Europe were forbidden to the men of Berwick; and, however reluctant, they were driven, like all the rest of their fellow-subjects, to the foreign staples.

Having thus confined to one spot the dealings in wool, and other staple articles, and so enabled itself, by its officers, to be present at every bargain in those commodities, the English government had made it certain that, from year to year, and reign to reign, a constant stream of the precious metals would flow into England. Their next care was to keep it; and a more complicated combination of equally vigorous measures was resorted to, to effect this object. We may enumerate as the four principal:—1*stly*. The establishments of the Mint. 2*ndly*. The searchers and customers, as the custom-house officers were called, of the outports. 3*rdly*. The king's exchanger, and his staff. 4*thly*. The statutes of employment.

To understand the peculiar importance of the Mint, we must remember that, when the foreign coin, received

as part of the price of staple commodities, had reached England, it was the object of especial care on two different grounds. There existed constant fears,—1*st*, that it might be re-exported; 2*ndly*, that it might be uttered in England at some value different from that which the king and his officers declared to be its true value when measured against English coin. To attend, in the first place, to this last ground of apprehension:—The history of opinions shows us mankind laboring under different illusions as to the nature of coin and currency which held their place for periods of different duration, and cannot be said to be wholly dispersed. First, men misunderstood the relative value of bullion or money, and of the commodities they exchanged for. Errors on this point lasted till the spirit of Adam Smith culminated. If he was not the first to discern those errors, he was their destined destroyer. Secondly, men misunderstood the relations of bullion and coined money to each other, and undoubtingly believed that the king's commands could bestow upon a coin a value not measured by its value as bullion. Errors of this kind are what we have immediately to deal with. William Stafford, in the reign of Elizabeth, was the first Englishman to grapple with these; and as he was the first, so perhaps he remains the acutest and most felicitous expositor of them; but it was not till Locke's work appeared that they were practically eradicated from the English mind. Thirdly, men mistook still longer the relations between different portions of a public currency which consisted partly of coin and partly of paper. The discussions on the Bank Restriction Act first threw the

necessary light on this part of the subject. Fourthly, much confusion existed as to the relations and mutual action,—on the one hand, of *national* currencies, whether of coin, of paper, or mixed; and on the other, of *that private* currency, composed of circulating bills, &c., by which by far the greater proportion of purchases and sales are now effected. In what manner these affect each other, and whether we can measure, and in what manner we can measure, the effects of any given contraction of the first or public currency on the mass or rate of circulation of the second or private currency, are questions to which economical science is not yet prepared with a satisfactory answer.

But it is only with the second class of these illusions that we have now to deal. In the days we are speaking of, it was believed to be one of the most precious and exalted attributes of Kings to fix the value of the coinage. For either subject or stranger to interfere with this prerogative, by coining, was worse than murder, or any other felony. It was petit treason; and subjected the malefactor to a death of an odious nature. Now, the persons who uttered foreign coin in this kingdom might infringe on this cherished prerogative; not directly indeed, but indirectly and secretly; and it was always feared they would.

It is obvious that the Frenchman, or other foreigner, who volunteered to pay for English commodities with coins of his own country, must have determined how many of those coins were equivalent to the price asked him in English money; and, while he was thus setting a value on his own coin, he could not possibly avoid

setting a value on the English king's coin too. But this was to interfere with the king's prerogative! It was an abuse and a crime; which, according to those days, might contribute to a great national calamity. For, if the king's coin was undervalued in exchange, either directly or through bills, it would be sure to find its way out of the country, and go to regions where it was better appreciated: and so this noble realm would be drained of its coin; that is, its riches would fly away—it would be ruined and destroyed!

No measures, then, could be too strict or too severe to prevent so great a calamity. To do them justice, our forefathers were rarely sparing of severity in their criminal legislation; and, least of all, when they were frightened. They were very thoroughly frightened for many generations at the threatened effects of undervaluing the king's coin in exchange, and the severity of their legislation kept pace with their fears.

It was based on the principle that no foreign coin should be used in England for any other purpose than that of being exchanged for English at the king's Mint, or by the king's exchangers, according to their valuation of the foreign money. Thus the sovereign, by his officers, always set his own value on his own coin; and no foreigner interfered with his prerogative. To carry out this plan, a king's exchanger was appointed, with almost unlimited power over the money transactions of the country. He was to appoint as many substitutes as he pleased—and, in truth, the merchants were always grumbling for more. Those officers, at their discretion, were to determine the value of all foreign coins in

English money; and the stranger who landed with outlandish money in his possession was bound to take the shortest road to the nearest place at which an officer of the royal exchanger could be found, and there to exchange his money for as much English coin as the exchanger told him it was worth. If he was found with his foreign money about him, under circumstances which made it probable he was not on his way to get it exchanged by the proper officers, the money was seized, and he was subjected to very savage penalties.

The foreign coin received at the staple towns, and that which got into the hands of the king's exchangers, was all to be sent at once to the Mint and re-coined;—thus the king's high prerogative was fully vindicated. These processes completed, no gold or silver coin circulated in England of which the declared value was not assigned to it by the English sovereign, who never doubted that he had thus gifted it with its character, and determined the measure of its power as a medium of exchange.

The exorbitant authority of the king's exchanger only increased with time. The negotiation of foreign bills of exchange attracted notice and suspicion. It was clear that the process of negotiating such bills could not be gone through unless a certain sum in foreign coins was valued against what was treated as an equivalent sum in English coins. The king's coin might therefore be undervalued in this exchange. To guard against this evil, again, no measures could be too strong: and, accordingly, the negotiation of such bills was strictly confined to the royal exchanger and his agents; who were

to charge for their trouble (says one of the letters patent) such a sum as should seem to them reasonable.

Selden cites a charter of King John. But the first of these great officers, of any note, whose name is known to us, was Michael de la Pole, a merchant, who had become the financial agent of Edward III. He was the ancestor of the Duke of Suffolk, who connected his blood with that of the Tudors. The last who possessed a valid patent as royal exchanger was Lord Burleigh. Other patents, however, were subsequently prepared; and drafts of them are in the British Museum. But none, at least none giving the monopoly of bills of exchange, appear to have been issued. Charles I. in 1628 appointed the Earl of Holland to the office of sole exchanger of gold and silver bullion; and declared his right in a publication by authority, entitled "The Office of his Majesty's Exchange Royal." The Company of Goldsmiths petitioned the king against it. Selden questioned the legality of a portion of the patent in the Commons. And it was evident that the time was come when there was an instructed mercantile public; and a vernacular literature, which watched over, discussed, and sometimes influenced, measures of this description.

But the inspection of all dealings of traders, with a view to prevent the exportation of money, was not yet complete enough to satisfy the vigilant fears of the State. It was determined that before they left the country, they should give satisfactory proof that they* had *employed* all the monies they had received for their

* 18th Henry VI., c. 4; Rastall, i. 255; relaxed by 17th Edw. IV. c. 1.

imported cargoes in the purchase of English commodities for exportation; so that no money remained in their hands to be carried away. The various statutes passed to enforce this rule are called by our old writers, Statutes of Employments; and when, after some ages, they fell into desuetude, many an earnest prayer was uttered for their revival, as a last precious product of the wisdom of departed generations.

The machinery and rules by which the object was sought to be attained varied somewhat from time to time; but the most complete and stringent statute of employment is probably that of the 18th of Henry VI. c. 4. The obliging foreign merchants to reside with official hosts was an old regulation, which might probably, with some pains, be traced to other countries and remoter ages. These strangers' hosts were sometimes the object of bitter denunciations for forestalling, and other wicked deeds; but they were now selected by Henry and his councillors as the fittest instruments for carrying out their object of securing the *employment* of the monies received by foreigners in the purchase of British commodities. After reciting that earlier remedies had not been found sufficient, the statute provides that all merchant strangers coming to traffic in any port in England, shall be under the surveying of certain people called hosts, to be assigned to them by the officers of the town; which hosts should be creditable persons, expert in trade, and not trading in the commodities of their guests. These hosts are to be privy to all the bargains made by the strangers; and to see that within eight months they sell their whole cargoes,

and re-invest the proceeds in English goods. The host is to keep an accurate book of every bargain made by the foreigner; and twice in the year, at the beginning of Easter and Michaelmas terms, is to send a transcript of the said book to the Exchequer.* For his pains he was to levy twopence in the pound on the strangers' sales and purchases. If any merchant neglects to report himself to take a host, and be obedient to him, he is to be put in prison, and remain there without bail or mainprise till he has found good security that he will conform to the law; and is further, for his contumacy, to make fine and ransom *at the king's pleasure.* Other clauses provided the punishment for each bargain not accompted for, and for negligence or connivance of the English port officers, or of the hosts.

Edward IV., whose statute of employments is sometimes improperly quoted as the last, perhaps thought he was mitigating the act just quoted when he allowed the alien merchant, though not attested by his host, to prove that he had legally employed all the money he had received in England by such evidence as should *appear reasonable to the custom officers* at the port he re-embarked at. The position of the foreigner was not, probably, much bettered by the change. We need hardly add that the obvious precaution of an army of searchers, ransacking every ship about to sail from England, was not omitted.

* A practice also prevailed of making the host's foreign traders give bonds to the Exchequer that they would employ all their receipts in purchasing English commodities. If the books of host's accompt, ordered by this statute to be returned twice a-year to the Exchequer, were not satisfactory, the bonds were estreated.

One gap still remained to be stopped: a considerable number of pilgrims to foreign shrines, and travellers to Rome, were constantly leaving England. At one time, the King's exchanger, deciding himself on their needs and means, gave them licence to take their reasonable expenses in coin with them. By degrees they were allowed to purchase in England bills on the countries to which they were going. But the sellers of the bills were usually foreigners: and the transactions of foreigners in bills had always an evil complexion in the eyes of the governments of those days. It was vehemently suspected that what money they received for the pilgrims' bills they would contrive to smuggle abroad; and it was therefore enacted, that whenever such a bill was negotiated, the foreigner should give bond to the exchequer that he would within a given time export to the Continent a cargo of English commodities, fully equal in value to the money he had received for the bill.

It is not to be imagined that the system embodied in these regulations was always consistently carried out. The pressure of circumstances and caprice must have often broken in on it. The wars and necessities of Edward III., especially, kept him always painfully on the alert to take any momentary advantage which presented itself; and Macpherson, the annalist of commerce, declares that at one time he seemed to change his plans every month. Still we have before us the spirit, general scope, and ordinary action of the commercial and financial policy of those ages: and putting aside, for the present, the question of their wisdom, the

boldness and partial success of this strange policy of our ancestors may well interest and surprise us. For it cannot be denied that they partly effected their two objects, of attracting constantly a stream of coin from the Continent, and of opposing very formidable obstacles to its escape.

By confining the staple trade to particular spots, the government was enabled to be present, by its officers, at every bargain made in staple commodities. To ensure the receipt of a part of the price in bullion, or coin, and its transmission to England, was thenceforward an easy task. To keep it there was, to be sure, not quite so easy: but it cannot be denied that if the object had been attainable, the measures to ensure it were fearless, comprehensive, and not ill combined. Its consequences cannot be looked at without dismay.

Let us suppose, for a moment, that the system was in complete operation; every sale of staple commodities inspected by the government; every bargain of foreign merchant importers registered and returned to the exchequer, or sifted by the officers at the outports; the *tricks of the exchangers* made impossible by the agency and authority of the royal exchangers; the subordinate exchangers and the officers of the Mint and Customs, busily employed in converting foreign coin and bullion into English, and vigilantly guarding against its escape from the country:—in our days it wants no parade of argument to show how fearfully disastrous such a policy must have been in its action—first, on the production of England's wealth, and then on the interests of those who consumed any description of foreign commodities.

The production of the country was forcibly stinted; her most important products, her staple commodities, were shut out of the markets of the world. The demand for them was thus necessarily limited, their price lowered, the stimulus to production lessened. The sufferers here, indeed, were principally the great landholders of England—the owners, in those days, of the greater part of her flocks and herds. Yet, strange to say, these very landowners formed the only really influential branch of that legislature by which such schemes were warmly and continuously supported. The consumers of foreign commodities were affected as seriously. Indeed, it is difficult to discover how any supply was obtained at all; clearly it could only be maintained by great sacrifices on the part of the consumers. The humiliating superintendence, the difficulties, the risks, and the manacles which impeded the free course of foreign merchandise, were all, we surely know, paid for with interest to the foreigner who encountered them. The growth of the mercantile navy seemed hopeless; and occasionally we have seen it was deliberately crushed. The interference with the course of exchange, so far as it was effectual, crowned the embarrassments of the merchants as a body, as other provisions of the system enchained their freedom of action as individuals.

The blow first struck at this system, we must admit, did not come from the prevalence of scientific notions—though such notions afterwards finished the scotched snake, and prevented its revival. It was the growth and changed circumstances of the nation which first put this complicated and cherished machinery out of

gear, and suspended its action. Those circumstances may be ranged under four heads:—The establishment of the Merchant Adventurers, and their privileges—the extent and necessity of dealings by foreign bills of exchange—the degradation of the currency under Henry VIII.,—the capture of Calais by the French, in the reign of Mary.

The Merchant Adventurers were a body associated for the exportation of cloth. They appear first under Henry III., in 1248, at Canterbury, with the name of the brotherhood of St. Thomas Beckett; but as the export trade enlarged itself, they became a national association, effecting great purposes, and armed with great privileges. The brotherhood of St. Thomas had already obtained certain privileges of John, Duke of Brabant; in after days, the company of Merchant Adventurers could boast that they had established treaties in Bruges, Middleburgh, Antwerp, Bergen-op-Zoom, Ziericzee, Amsterdam, Dordt and Utrecht, Hamburgh, Stade, East Friesland, and Oldenburgh, and that they exported cloths to the value of one million sterling.

Wheeler describes their import trade to be on a corresponding scale; and proceeds to enumerate German wares, Italian wares, Esterling wares, Portugal wares, and Netherland wares, to the extent of sixty-one named articles; and a yet larger variety more generally described:—"The knowledge and consideration of which large purchases hath made those Merchant Adventurers thought worthie to be made of, cherished, and desired by all princes, states, and commonwealths."

Such an import and export trade in the hands of

such a body put an end, of course, to the supremacy of the staple towns and merchant staplers, who grumbled and reviled the interlopers accordingly.

These Merchant Adventurers, by their advocate Wheeler, claim also the credit of obtaining of themselves, from foreign states, the treaties and privileges through which this trade was carried on. And this brings us to a point in the commercial history of the European nations upon which we dwell with more interest, because it is perhaps best illustrated by the transactions of our own Scottish forbears. To understand the diplomatic functions committed in England to such companies, and in Scotland to the royal burghs, we must go back to those earlier ages, in which we have seen fairs and staple towns the refuge of persecuted commerce and affrighted traders. The delegation of powers of treating with foreign states, and stipulating for such protection as fairs and staple towns offered, arose in later times from a perception of the benefits of more extended fields for commerce, and from the unwillingness or inaptness of the governments of the day to provide, by national diplomacy, for its progress and protection in foreign states. The task which they were not yet ready to undertake themselves, they willingly encouraged their subjects to undertake. England and Scotland acted in this point with like aims, but different instruments. In Scotland, the royal burghs assembled in convention, very much in the style of independent states, appointed ambassadors, and made treaties, by which they secured the protection of Scottish trade abroad, and especially in the Netherlands.

Mr. Yair, one of their chaplains at Campvere, has left a curious and authentic sketch of their establishments and doings there. In 1578 my lords the deputies of the towns of Scotland are pleased to direct and send their honorable Henry Nisbet, *their* commissioner, assisted with George Hacket, *their* conservator, with absolute power to contract and conclude a treaty in *their* name at Campvere; and similar treaties were renewed in the name and by the ambassadors of these royal burghs, up to 1748. Yair's book is full of interesting details; and as it is a sketch of the history of the Scotch trade to the Netherlands, as well as of their staple at Campvere, it gives a curious picture of the earlier Scottish merchants, and of their manners, so late as the middle of the sixteenth century. The rule and sovereignty over the Flemish trade had not been yet handed over to the Scotch burghs, it should seem, in 1532; for the king issued some remarkable rules for the regulation of the trade and traders in that year. They are given at large by Yair, page 99. We may be allowed to smile at some of them. The exports from Scotland were principally wool and wool fells, and this brought the inhabitants of the pastoral districts to the mart. Their appearance seems to have created some agitation among the burgomasters of Campvere, and their stately vrows. The ample and numerous garments of the Dutch veiled the nakedness of the human form with almost superfluous decency; and they shrank from a Highlander in his kilt as they would from a threatening monster. The King of Scotland seems, accordingly, to have condescended to their prudery; and he gave direc-

tions that none sell in merchandise except he be *honestly abuilzed* (decently clothed); and if he be not so, the conservator, after warning him, is to take as much of his goods as will properly clothe him. After being thus breeched against his will, and, what was worse, at his own expense, the bonnie Scot had further penances in store for him. After buying their meal in the market, these rude traders found it convenient, it seems, to take it home in their own sleeves, or on the points of their daggers; and the prejudices, perhaps the alarms, of the peaceful burghers of Campvere were again soothed, by a strict prohibition of such practices.

When, however, either royal burghs in Scotland, or merchant companies in England, were permitted to find new markets, where they could and how they could, the exclusive privileges, and the old use of the merchant staplers, and the monopoly of staple towns, were clearly at an end; and so much of the balance-of-bargain system was crippled, as had enabled the Government to keep gold constantly flowing into the country, by controlling and interfering with every sale in staple commodities to foreign merchants. The management of all transactions in exchange, by which the safe custody of the money of the realm was supposed to be in a great measure secured, was maimed and lost about the same time.

While the English monarchs and their ministers honestly sought to uphold the real value of their coin when exchanged, either directly or by bills, against the coin of foreign states, their host of exchangers, who, under the royal exchanger, gave English coin for foreign, or monopolized the negociation of bills, might not unna-

turally appear to be necessary for national objects; and be sustained and vindicated with earnestness. A time, however, was come, when, instead of vindicating earnestly the real value of the English coin, it became desirable to draw off attention from that point as completely as possible, and, in fact, to sink the subject. Tampering with the coin, debasing its purity, and lessening its weight, had long been practised on the continent most recklessly and dishonestly; and the usual and unavoidable results had followed. All those whose incomes, like that of many of the landholders, consisted of fixed sums payable in money, were injured. A French writer, Le Blanc, with somewhat startling ingenuity, traces the English victories at Cressy and Poitiers to these practices of the French monarchs. The chivalry of France, he says, was so impoverished by them, that their nominal income was no longer sufficient in the market to equip them properly with arms and horses; and they became no match for their better appointed opponents.

We have here a source of consolation, somewhat overstretched no doubt; but the English monarchs, though long much behind the French in their encroachments, were by no means impeccable; and Henry VIII. soon outstripped all former bad doings, domestic or foreign. He reduced the weight of his coins much; he debased their purity shamefully; and this last practice he carried to an extent which made the coins themselves tell-tale witnesses of their worthlessness and his shame. The burly monarch's effigy was usually stamped with a full face; of this, the nose of course was the most prominent part,

and it began to wear first, and to show the inferior metal. His subjects, dutiful and cowering as they usually were, ventured to mock a little at this; and said, his Grace must certainly be in a bad plight, since he had been obliged to get Parson Brock (the manager of his Mint) to make him a copper nose. Any attempts to oblige foreigners to take such coins as representing the old money would have been obviously futile; and the only policy to be adopted was that of getting as much for them, and drawing as little attention to their real worth, as was found possible.

There remained, indeed, the control of the negociation of bills of exchange; and it was long before the English people could be persuaded that that control could be abandoned without danger, if not ruin. One of the first tasks of our vernacular literature, indeed, was to raise a sort of hue and cry on this point; and four-and-twenty tricks of the exchangers were enumerated, by which, as by a sort of necromantic art, it was maintained that they could direct the flow of money as they pleased, and ruin the helpless and unconscious kingdom whose treasure they found it profitable to exhaust.

Some impression was made in the reigns of Henry VIII., Elizabeth, and James, by such assertions; and we can trace several strenuous though abortive efforts to revive the office, and strange and pernicious monopoly, and despotism, of a royal exchanger. Under Henry VIII. the danger was warded off by the Greshams. The nation has done but scant justice to the merits of these royal merchants, as financiers and statesmen. They found the English monarchs wholly dependent on

foreigners (ordinarily those of the Low Countries) for advances of money under the most urgent circumstances. It was they who brought the native resources of the country into play: and they did this, by effecting the two separate and very difficult tasks, of teaching honesty and punctuality to the State, and confidence to the monied men. No piece of civil service ever contributed more to the independence and greatness of England—a fact which Europe, from one extremity to the other, soon very sensibly felt.

A patent had been actually prepared, re-establishing the royal exchanger, and a proclamation was about to follow, calling his functions into activity. The elder Gresham remonstrated boldly. He told Henry VIII. (what was only recently true, however) that foreign commerce could no more exist without exchange, than a ship float without water; and declared, that if the course of the mercantile exchange was interrupted, the transactions of the approaching Bartholomew fair, then the great domestic cloth mart of England, would be paralysed:—and the stern and obstinate Tudor listened, and refrained.

Of the various bulwarks by which the wealth of England had been guarded and enclosed, there still remained on the parliament rolls the Statutes of Employments. It is clear enough to us that such laws were far in the rear of the age of Henry and Elizabeth. The course of exchange had been set free; an extensive foreign traffic opened by treaties to Englishmen; and a domestic mart established for manufactured goods, which it was of national importance should be frequented. It

would have been an insane attempt, under such circumstances, to seize on every foreign merchant that arrived, watch his person, control his bargains, and force him to employ his money, and remit the proceeds of his cargo, not according to his will and interests, but at the bidding of English prejudices and tyranny. Yet the statutes of employments were pet favourites of the nation, which indignantly demanded their full execution long after the greater part of the ancient legislation which we have been tracing, was abandoned—reluctantly, it must be admitted—to its fate.

The reign of Elizabeth, and the period which intervened between that date and the accession of Charles II., may be described as one long interregnum, in which the partisans of the whole system, and the opponents of its revival, began that war of discussion which ended in the establishment of the *balance-of-trade system;* of which the essential characteristic was, that retaining the object of the whole system—the constant accession of fresh masses of bullion through foreign trade, it entirely *abandoned* and repudiated all the expedients and the machinery by which the *earliest* framers of the balance-of-bargain system had attempted to secure the same object. The writer by whom the change was finally established, was Thomas Mun, an eminent merchant of London. But let us cast a glance upon the gulf which separates him from the writers who first wielded our fresh vernacular literature for the purpose of influencing the economical, or rather almost exclusively the mercantile, measures of the government.

The reign of Elizabeth, which is looked back to with

such fondness and triumph by the modern English, was observed with much less kindly eyes by the generation which witnessed it. The vast rise in the money price of all commodities—the universal *dearth*, as it was called, which resulted from the joint action of the influx of the precious metals from America, and the debasement of the currency; the decay of the ancient borough towns; the distress of the agriculturists from enclosures, and the clearing away of the occupying peasant tenantry; and the complete cessation of action, in all parts, of that ancient and cherished system of policy by which the wisdom of their progenitors had supplied England with riches, and guarded them—all these circumstances combined, convinced not merely the multitude, but most of the thinkers and writers who then first began to contemplate such subjects, that the nation was passing through a period of gloom and peril, of which the issues must be strange, disastrous, and deadly.

It does not fall within our compass to give anything like a complete view of this young literature. We select the names of a few persons, the spirit of whose writings gives a fair indication of the state of the nation's mind. Mills, Malynes, Missenden, and Stafford, all wrote during the reigns of Elizabeth or James.

Mills raises the voice of a customer, or officer of the outports: he exclaims upon the decayed influence and defeated monopoly of the Company of Merchant Staplers; and calls loudly for the protection of the ancient principles and practices, by which the foreign trade of the country, better watched and more efficiently controlled, was forced by the wisdom of the state to contribute to its

wealth and strength; and he is patriotically indignant with all the new channels and agents of trade through which that old system had been subverted.

Malynes, through a long life, sounded a trumpet against the tricks of the exchangers; and in the *Canker of England's Commonwealth*, *St. George for England*, and a really valuable folio, his *Lex Mercatoria*, and some other productions, endeavoured to rouse the country to a consciousness of the secret wound through which its life-blood, according to him, was ebbing away.

Missenden answered him; exposed the fallacy of many of his statements, and propounded a tolerably correct theory of exchange.

Malynes was accused, and not, apparently, without some reason, of sinister and selfish designs. He, a Fleming by birth, had shared in some contract with the Mint for a copper coinage—not a very prosperous venture apparently; and Missenden, after telling him that he had worn his theories till they were as threadbare as his coat, intimates that the Fleming meant to turn to his own advantage the powers of a royal exchanger, which he was eager to revive and put in action. It probably was so. The elder Cecil, Lord Burleigh, was actually in possession of a patent for the office, with all its extravagant powers of control and extortion, which, however, he steadily refused to use. Malynes reproaches him bitterly for his unwillingness to put his powers in action; and sometimes most impudently accuses him of not knowing how to do so. James I. had been offered four hundred thousand pounds if he would renew the office in favor of the applicants, with whom Malynes, it

is highly probable, was connected; and drafts of patents are to be found among the Lansdowne papers in the Museum. It was also sought to interest the younger Cecil in this scheme, which, however, failed. Their opposition to it is one of the brightest spots in the history of that illustrious house. To refuse to exercise a patent for the renewal of which, in a few years, four hundred thousand pounds was offered, was to abstain, and that obviously from patriotic motives, from making a royal fortune. It might have been acquired, too, not only with the assent, but with the applause, of a considerable portion of the public. The wisdom and absence of greed which such conduct implies, ought not to be forgotten; and form a much better foundation for the respect and admiration of posterity than all the official craft and cunning which made up in those days too much of a great statesman's stock in trade.

Of about the same date with Malynes, Mills, and Missenden, but earlier, came the work of William Stafford; of another order, however, and emanating from a loftier and better disciplined mind. The author was a man of profound learning—certainly classical, apparently theological. He was inclined to Puritan opinions, and had given some offence to Queen Elizabeth, most likely by writing on church discipline. In the work we are speaking of, he undertook to bring his learning and acquirements to bear on all the various current complaints of the badness of the times. His work consists of three Dialogues, forming a 'Compendium, or Briefe Examination of certain ordinary complaints of divers of our countreymen in these our days; which,

though they are in some parts unjust and frivolous, yet they are all, by way of dialogues, thoroughly debated and discussed.'

To the political economist the book is principally interesting for its acute and masterly exposition of the necessary consequences of the debasement of the coin; and the proof of a truth which neither kings nor their people had at that time fully esteemed, namely, that 'the substaunce and quantity is esteemed in coyne, and not the name.'

To those who take pleasure in tracing the progress of our literature, the work has an interest of a wholly different kind. The English language was only beginning to be used for the purposes of scientific discussion, and the heads of the more learned class of writers were still full of the majestic roll of Latin periods. But as the language was only beginning to be used, it had as yet no store of foreign or compound terms. The race had not yet appeared who were destined to

> 'Confound the language of the nation
> By long-tailed words in *osity* and *ation*.'

The pure homespun English of the day, set to a majestic cadence, and enshrined in classical sentences, gives a remarkable and occasionally pungent character to Stafford's style; and certainly arrests the attention better than the shorter, sharper, and, it must be owned, clearer arrangements of periods in our own days. Stafford's management of his matter is not less learned and classical than that of his sentences. He has adopted the form of dialogue, and it is manifest that he has those of Cicero ever before him. His knight, his mart-chaunte-man, his doctor, his hus-

bandman, and craftsman, 'recount the common and universall grieves that men complayne of now a dayes; and boult out the very causes and occasions of them,' with the same studied courtesies, and with manners very like those which adorn the classical personages of the De Naturâ Decorum, or the Tusculan Disputations; and 'adjourn from the house to the garden under the vyne, for a good fresh and coole sitting in the shadowe,' very much in the fashion of the more eminent visitors of the Roman villas.

The manners of the day, the change in the habits of different classes, on which they themselves looked with more amazement than satisfaction, the course of trade, of religion, and opinions, all find a place; and we see the puzzled observers endeavoring to catch and measure the shifting images of their time, with an earnest homeliness of phrase, and extensive knowledge of the condition and needs of the people, which make the tract an historical curiosity, as well as a striking monument of an important era in our literature. It is, besides, the first model of economical speculation by a philosopher: by any, in fact, but mere practical and unpretending hands.

We now know that all the circumstances which excited fears and suspicions at the time were symptoms and conditions of the rapid progress of the nation in the arts of peace, in commerce, unfettered industry, and increasing wealth. It appears clearly, however, from all the works we have bestowed a passing glance on, that the actors in the drama were indulged in no convictions of this fact to console and reassure them.

It is time, however, to turn to the works of the man by whom all these yearnings and attempts for the restora-

tion of the balance-of-bargain system, or any of its parts, were finally and conclusively put an end to.

That man was Thomas Mun, an eminent London merchant. His first work published, signed with his initials only, T. M., is scarce. It came to a second edition in 1621. His last decisive work was published by his son, after his own death, and soon after the restoration of Charles the Second; its title is, 'England's Treasure by Foreign Trade, or the balance of our foreign trade is the rule of our treasure.' The two pamphlets, read together, afford unquestionable internal evidence of their being by the same hand; and exhibit a curious spectacle of the author's gradual emancipation from a lingering reverence for parts of the old, and his progress towards the distinct and undoubting faith with which he at length lays down the new system. That new system, as we have before intimated, had still the same object with the old—the increasing the treasure, that is, the coin and bullion of the country, through its foreign trade. But the new differed from the old, in discarding entirely all the provisions and machinery of earlier ages; abandoning all interference with the bargains of individuals, and confining its attempts to guide the trade of the country to measures of general policy. It is worth while to trace shortly the occasions which called forth his speculations, and their progress and transformations.

The trade to India began to assume some importance in the reign of Elizabeth; and it was from the first suspected and disliked by all but those actually concerned in it. The adventurers could only begin their operations successfully by exporting money; and they had regular

licences for that purpose. But nothing more was necessary to rouse the fears and ire of the country. The unconscious fathers of our Indian empire were assailed as the shameless enemies of their country; whose wealth, whose strength, whose treasure, they were habitually making less. Thomas Mun was apparently one of the associated merchants engaged in the East India trade; and he was roused to vindicate their innocence. Engaged in this task, the thought appears to have struck him, which it seems quite wonderful had not struck all the world long before, that to confine the attention to only the first processes of a lengthened and circuitous course of trade, was taking a very narrow and one-sided view of the matter—that a fuller investigation, by tracing the mercantile venture to its last results, might show that, although it began by exporting some bullion, it might end by importing much more; and thus add to the treasure and vitality of the country, instead of exhausting them: and he set himself about proving that this was eminently the case with the East India trade. He traces, of course, the transactions of the exporters to India, through Asia and Europe, till the English merchants have got their money home, with large additions; and this done, he was for the time triumphant.

But he was as yet far from being weaned from the time-honored prejudices of his countrymen in favor of the disused economical contrivances of their forefathers. After answering satisfactorily the objections to the India trade, and showing, he says, 'that it hath not hurt this commonwealth,' he proceeds to take a view of the true causes of 'those evils which we seek to chase away'—and

then enumerates 'four principal causes which carry away our gold and silver.' 'The first cause concerneth the standard; the second concerneth the exchanges of moneys with foreign countries, and the practice of those strangers here, in this realm, who make a trade by exchange of moneys. The third cause concerneth neglect of duties;' and here, as if to crown his adhesion to the flag of the old system, he exclaims with patriotic indignation—'But what shall we think of those men, who are placed in authority and office for his Majesty, if they should not, with dutiful care, discharge their trust concerning that excellent statute (anno 17, Edward IV.), that all the moneys received by strangers for their merchandise should be *employed* upon the commodities of this realm? the due performance of which would not only prevent the carrying away of much gold and silver, but also be the means of greater vent of our own wares.'

We have mentioned this statute of Edward IV. before, as modifying one of Henry VI.; but Mun was mistaken in supposing it to be the operative 'statute of employment,' when he wrote. Henry VII. had passed another, and extended its provisions to traders from Jersey, Guernsey, and Ireland.* But these statutes of employment, in all their shapes, formed the most tyrannical and mischievous portion of that systematical interference with the bargains and dealings of individuals, which we have before been describing; and Mun's eyes were assuredly very imperfectly unscaled, when he was unconscious of their deformity, and joined in an ignorant clamour for their resuscitation.

* 3rd Henry VII., c. 8.

A great and decisive enlargement of his views, however, had taken place before we meet with him again. He had waxed old and wise. 'He was (says his son) in his time famous among merchants; and well known to most men of business, for his general experience in affairs, and notable insight into trade; neither was he less observed for his integrity to his prince, and zeal to the commonwealth.' And the commencement of his important posthumous work is worthy of the character thus given by filial piety—grave, self-possessed, elevated, holy—the language of one not unconscious of the fact, that he was about to settle questions which had agitated nations: and to throw his own appointed portion of new light on the paths through which they must advance towards happiness and strength.

'My son (he begins), in a former discourse I have endeavoured, after my manner, briefly to teach thee two things: the first is piety, how to fear God aright, according to his works and word; the second is policy, how to love and serve thy country, by instructing thee in the duties and proceedings of sundry vocations, which either order, or else act, the affairs of the commonwealth; in which, as some things do especially tend to preserve, and others are more apt to enlarge, the same: So I am now to speak of money, which doth indifferently serve to both those happy ends."

The spirit of the book will best be understood by comparing it with Mun's earlier pamphlet. He dwells here, as there, on the necessity of looking at the last results of mercantile adventures, in order to appreciate their action in increasing or diminishing the bullion, the

treasure of the country: But he now discards, as idle devices, all those parts of the balance-of-bargain machinery to which he had before adhered. He discusses separately the statutes of employment he had before especially commended—the enjoining (as was once the nation's wont) to 'the merchant that exporteth fish, corn, or munition, to return all or part of the value in money;' he derides all fears of the effects of the undervaluation of our money in exchange, and of the other necromantic tricks of the exchangers; and at last concludes—'But let the merchant's exchange be at a high rate, or a low rate, or at the par pro pari, or put down altogether. Let foreign princes enhance their coins, or debase their standards; and let his Majesty do the like, or keep them constant as they now stand. Let foreign coins pass current here in all payments, at higher rate than they are worth at the mint; let the statute for employment by strangers stand in force, or be repealed; let the mere exchanger do his worst; let princes oppress, lawyers extort, usurers bite, prodigals waste; and, lastly, let merchants carry out what money they shall have occasion to use in traffic—yet all these actions can work no other effect on the course of trade than is declared in this discourse; for so much treasure only will be brought in or carried out of a commonwealth, as the foreign trade doth over or under balance in value; and this must come to pass, by a necessity beyond all resistance. So that all other courses which tend not to this end, howsoever they may seem to force money into a kingdom for a time, yet are they, in the end, not only fruitless, but also hurtful; they are like to violent floods

which bear down their banks, and suddenly remain dry again for want of water.'

The long agonies of the balance-of-bargain system were now over. We have heard its knell. Mun's book was received as the gospel of finance and commercial policy; and his principles ruled for above a century the policy of England, and much longer that of the rest of Europe.

The task we had appointed ourselves is now over. We have traced, from its construction to its disappearance, the rude but strong commercial and legislative machinery by which our forefathers sought to enrich the realm, and preserve its increasing riches. Let us cast, however, one rapid glance in advance. We have seen that Mun never doubted the truth of the proposition, that bullion alone constituted real riches. It took another hundred years to expel this fallacy, even from the more enlightened part of the public mind; and they were a hundred years of great activity, both of English mind and English policy. Through the whole course of it, a large body of mercantile literature urged on the Government the interests of trade, and the all-importance of its balance; till the real interests of both producing and consuming classes were almost put out of sight. And statesmen obeyed the impulse. They believed, as Colbert believed, that to gain bullion was to gain the only true riches by which their country could thrive; and they too talked and wrote, and fought and treated, and circumvented, and thought they overreached sometimes a rival, sometimes an ally, sometimes a poor colony, in the pursuit of the one great patriotic duty

of enriching the realm through the balance of trade. In the meantime, the truth that all commodities were a part of the wealth of a nation, seems for ever forcing itself on the notice of the busy writers who occupied the stage; and seems to have escaped them by a miracle somewhat similar to that by which the spell-bound knights of Arthur's court were rendered unconscious of the actual presence of the holy Sangreal. A volume of instances might be adduced to show this; the most remarkable, however, and it must suffice, is that of Davenant. In one of his numerous works he sets about proving that the Custom House books were not always conclusive evidence of the real balance of trade; and he says, that however unfavourable the indications in those books may be, yet, if the breed of animals is improving, if buildings, mills, ships, rents, etc., are increasing, we may rely on that increase as a proof—of what? Of an increase of the wealth of the country? Not at all; but as a proof that the balance of trade must, after all, be more favourable than the mere Custom House accounts show it to be. Davenant, of course, remained firm in the faith that bullion alone constituted wealth. Without adverting to the glimmering revelations of partial truth which sometimes vary the utter darkness of the times on this point, we may observe that, before Adam Smith's work appeared, Galiany, Quesnay, Harris, and Hume, had all unveiled the fallacy which had so long received the blind homage of mankind—Quesnay, Harris, and Hume, with precision—Galiani, the first in time and genius, with a beautiful purity and simplicity of style; and a profound and acute philosophical discrimi-

nation, which place him in the first rank of philosophers of any age or nation. But Smith was the first to see the whole value of the great truth they had disclosed, and to follow it out to its consequences with equal confidence and care. And it accordingly became at once in his hands, what it had been very lamely and imperfectly in theirs, the foundation of a new structure of economical science. Having shown that bullion was not exclusively wealth, he not merely proceeded to show that commodities were national wealth, but to analyse and explain the circumstances which determine their plentiful or stinted production; and from his work we may date the beginning of that era in economical knowledge which is still in progress—and probably in an earlier stage of its progress than the self complacency of our own generation is very willing to admit.

We are aware that in thus speaking of the precursors of Smith we run the danger of arousing some jealousy and some anger; but as nothing can be more base than the malignant eagerness with which such facts are sometimes used to disparage greatness, so nothing can be more idle than the fears of those who imagine that they really detract from the solid fame of a writer like Smith.

None but those ignorant of the ordinary march of knowledge will think it derogatory to the great Economist that he did not create all the light he used; that he seized the trembling and imperfect beams which, in the general progress of thought, many other intellects had begun to emit, and knit them with a strong hand into a perfect ray; which sheds a light upon the path of nations that can only disappear with the disappear-

ance of the accumulated knowledge of our race. Such is the appointed task of all great leaders, in both moral and physical science; and such are the achievements which leave the human race their everlasting debtors.

TEXT-BOOK OF LECTURES

ON THE

POLITICAL ECONOMY

OF

NATIONS,

DELIVERED AT THE EAST INDIA COLLEGE, HAILEYBURY.

POLITICAL ECONOMY OF NATIONS.

LECTURE I.

OF LABOR.

I PROPOSE in these lectures to examine what may be termed the political economy of nations. In other words, I shall attempt to trace from history and observation, in what manner, and by what agencies, different populations now produce and deal with, or in other days have produced and dealt with, their respective amounts of national wealth. I believe that we shall find such a survey the safest method of deciding on what causes have determined the relative wealth of different communities in past times, or determine it in our own.

Such an investigation will necessarily be something different from an inquiry into the mere abstract principles of political economy.

To those principles, as now popularly current, I shall have frequent occasion to recur; sometimes to explain, sometimes to modify, and in some instances to contest, them. I shall get through this portion of our task,

however, as briefly as I can consistently with clearness, and shall consider it throughout as subordinate to the analysis and investigation which I have pointed out as our proper work.

Such an analysis of the economical habits of the various divisions of the human race must obviously have its interest and use, in whatever mode we may think it best to approach a knowledge of systems of abstract truth on the subject of national wealth.

There are persons who believe that investigations such as those we are about to enter upon must precede any successful attempt to lay down universal principles. Such persons will see in the fulfilment of our task, only a preliminary, though a necessary, step towards the formation of any sound system of economical philosophy.

There are others, on the contrary, who believe that a system of abstract principles may be safely collected from a much narrower field of observation. I say nothing now on the comparative soundness of these opposite opinions, but this last set of persons must still recognize in the examination on which we are about to enter, the only practicable mode of using abstract principles for the great purpose of explaining the past and present economical career and circumstances of the various nations of the globe.

It will be convenient, and we shall not find it difficult, to preserve, during our progress, those divisions in our observations on national industry which have become common in the literature of the subject.

We shall observe, therefore, different communities, or rather groups of communities, modern and ancient :—

1.—As they produce their wealth.
2.—Distribute it.
3.—Exchange it.
4.—Consume it.
5.—Yield portions of it to the State, or are taxed.

THE PRODUCTION OF WEALTH.

Before we proceed to examine in detail the position and habits of the productive classes in particular nations, there are some preliminary questions of a general nature, the explanation of which will facilitate our further progress.

We will proceed, then,

1.—To define the wealth we mean to treat of.

2.—To point out its sources.

3.—To describe the general causes which limit or determine the wealth produced by different communities.

4.—To sketch the habits, position, and facilities of a population which would be perfect as a producing machine.

As to this fourth point, you will be pleased to remember that no nation has even approached perfection as a producing machine, and that it is not improbable none ever may. Still, if we have the picture and plan of such a nation before us, it will enable us better to understand at what stage of progress towards perfection the nations we shall have hereafter to review have lingered. The great majority of them will be seen still at a very remote one.

DEFINITION OF WEALTH.

The wealth to which we shall confine our researches, consists of such "Material objects as are voluntarily appropriated by man."[1]

A wider and, in some respects, no doubt, a perfectly defensible definition of wealth is sometimes used. It is made to include the moral and intellectual acquirements of a people, such as the wisdom and knowledge of their rulers, the science of physicians, lawyers, or engineers, the talents of poets or artists, and all like things.

I will not now stay to inquire either, in the first place, how far the laws which regulate the production, or the rewards of such acquirements, are identical with, or analogous to, the laws which regulate the production, distribution, and the exchangeable value of those substantial and material commodities pointed out in the definition I have given you; nor, secondly, will I discuss to what extent the same phraseology might safely be extended to both, and general conclusions applicable to both, set forth in it.

It is enough for our present purpose to declare that our own inquiries into the political economy of nations will only extend to their mode of producing and dealing with such wealth as is included in the term, when defined and restricted, as I have here defined and restricted it. The subject, confined within these bounds, will

[1] This is the definition of Malthus, very slightly altered. See "Definitions in Political Economy," p. 234.

be found extensive enough for a very wide grasp. If you suffer your attention to flag, I am afraid it may, as we proceed, be found rather too wide for some of yours.

THE SOURCES OF WEALTH.

The source of wealth is the earth; or, if we speak of them separately, the sources of wealth are the earth and its waters. These produce all the objects appropriated or fashioned by the labors of man. Human labor itself is not, strictly speaking, an original source of wealth, although, without such labor, no wealth comes into man's possession. The habit of treating labor as the source of wealth was probably founded on some expressions of Adam Smith, on whose authority it has been propagated. The error has already been noted and corrected.[1]

From causes which will presently show themselves, the erroneous phrase did not affect either the truth or usefulness of Smith's doctrines on the subject of labor; but, in the historical view we are now about to take, the distinctions between the barrenness or fertility of the sources of wealth at the command of different people must not be wholly lost sight of.

The productiveness of the industry of nations really depends, then, on two circumstances. First, on the fertility or barrenness of the original sonrces of the wealth they produce. Secondly, on the efficiency of

[1] See *Senior.*

the labor they apply in dealing with those sources, or fashioning the commodities obtained from them.

To see the influence of the first cause, take the case of two farms farmed equally well, but differing in their original quality. The better land would yield a greater produce to an equal amount of labor bestowed upon it. The same fact is obviously true if we take two kingdoms instead of two farms.

But differences in fertility in the original sources of wealth do not enter into the reasonings of the science of political economy. Such a difference is a fact to be observed and allowed for in particular instances, and as to which all reasoning is useless; and this is one cause which made the error of taking labor as the source of wealth harmless in scientific works.[1]

THE EFFICIENCY OF LABOR IN PRODUCING WEALTH.

There is another and a more striking cause.

In a majority of instances, a majority so great as nearly to comprehend the whole,—the efficiency of the labor of nations, is what determines their relative wealth, and not differences in the fertility of their soil and waters. The earth, which with its productions it is given to man to use, yields in different regions and

[1] We might get rid of the necessity of any distinction between the different fertility of different sources of wealth, if we chose to measure the efficiency of labor solely by its produce. Thus, if twelve men produced 100 quarters of corn on a bad farm, and six produced the same quantity on a good, we might say the labor in the last case had been more efficient than in the first. But by such a phraseology we should obviously confound two causes of the relative wealth of communities which are essentially different, and our view of the subject would at once become imperfect and confused.

climates a produce more or less bountiful. But the human agent, the reasoning being, is to be observed in practice all but independent of this difference. Where he is industrious, skilful, provident, and his labor armed with such powers as his industry and his providence can create, there are to be found wealthy nations, although inhabiting territories comparatively barren. Where he is slothful, negligent, and feebly armed with such powers as human industry and knowledge may supply, there are to be found poor and savage populations, amidst the greatest profusion of the gifts of the soil and waters.

The tract of the globe which presents the most abundant sources of wealth is South America, eastward of the Andes, along the courses of the great rivers. Its population is one of the poorest in the world.

The sources of wealth in England are inferior to many, superior to few, of those of the continental nations. The efficiency of her labor is, for causes which await our handling, greatly superior to that of any nation of the earth, and her wealth is in proportion to that superiority.

Political economists, therefore, were well justified in confining the efforts of that part of their science which relates to the production of wealth to the discovery of the causes which affect the efficiency of labor, and have committed but an unimportant error in not dwelling on differences in the natural fertility of countries.

Our own peculiar point of view, however, will occasionally make it necessary to bring back the distinction to our recollection.

In observing the political economy of some of the nations which have, in other times, taken the lead in forwarding the progress of human industry, or which are now spreading the knowledge and the results of its comparative perfection over the globe, we must make great allowances for the abundant fertility of the sources of their wealth, for the teeming richness of the valleys of the Euphrates, the Nile, the Oxus, and the Ganges; as well as for the inexhaustible tracts of rich and virgin soil on which the people of America labor and increase.

Having premised so much, however, we may drop differences in the fertility of the sources of wealth, and turn to a subject incomparably more important and interesting; that is, to the examination of the causes which determine differences in the efficiency of the labor of the different people of the globe; and so practically determine, in an immense majority of cases, their relative wealth.

But the wealth of a whole population obviously depends, not merely on the fertility of the industry of that portion of it employed in production, but on the proportion which such productive laborers bear to those who are not employed in producing wealth. A nation, if three-fourths were soldiers or menial servants, would be poor, however fertile the labor of the other fourth might be. The causes which determine the proportion between productive laborers and those laborers who, according to our definition of wealth, are properly designated unproductive, are intimately connected with, and dependent on, political institutions, and on what we shall hereafter

have to exhibit as the foundation of those institutions,—their economical organization. This subject will unfold itself during our progress; and it will be convenient to postpone any consideration of it to a much later period of that progress.

We will confine ourselves, in the first instance, to an investigation of the circumstances which determine the efficiency of productive labor—of that labor which is actually employed in producing material wealth. I need hardly guard you, I hope, against the common error of supposing either that that portion of the community which is not so employed is unproductive of anything useful, or that the epithet "unproductive," as applied to them, is degrading.

CAUSES WHICH DETERMINE THE EFFICIENCY OF PRODUCTIVE LABOR.

We will discard, for the present, the consideration of any differences in the strength of individuals, and suppose all men to exert an average amount of muscular force. Such an average being assumed, then the efficiency of human labor will depend—

1st.—On the continuity with which it is exerted.

2ndly.—On the knowledge and skill[1] with which it is applied, to effect the purpose of the producer.

3rdly.—On the mechanical power by which it is

[1] I use the word *skill* in a somewhat restricted sense; that is, to denote the application of knowledge to the production of wealth.

aided,—that power consisting, as we shall presently see, of more than one element.[1]

Of the effect of the continuous application of human labor in increasing its productive powers, little need be said. It is self-evident that labor, steadily continued, must be more productive than that which is desultory. Besides the time obviously lost by an intermission of labor, time is always indirectly lost in setting the task going, or in discontinuing one species of exertion and changing to another. This fact, if it should be thought to need illustration, will be found most ingeniously and fully illustrated by Adam Smith, in the part of his great work which treats of the effects of the division of labor, and to that I refer you.[2]

Secondly.—The efficiency of human labor is affected by the degree of knowledge and skill by which it is directed to effect the purposes of the producer. Let the object be to make a horse-shoe. An ignorant savage might hammer for a whole day on a piece of cold iron, and not produce one. A knowledge of the effects of heat on the malleability of the metal enables a skilful blacksmith, even supposing him to use the same tools, to make twenty in the same time.

[1] The *division* of the tasks of labor affects, directly, its continuity, and, indirectly, its skill. It does not necessarily affect its mechanical power at all, and never to any great extent, compared with other causes which determine that power. And though it affects its continuity, it is not the only, nor the primary, nor the most potent, cause by which the continuity of human labor is affected during the progress of national industry. The effects of the division of labor have not been overrated; but when it is treated as the sole cause of advances in the fertility of national labor, other concomitant and more powerful causes are overlooked. It will be part of our business to demonstrate this.

[2] See *Wealth of Nations*.

And this simple case is only one of a comprehensive catalogue of like ones on a greater scale.

All the knowledge we possess of all the materials with which men deal while supplying their wants or luxuries, produces similar effects; and that knowledge becomes both more deep and more extensive as the human race advances in scientific research and acquirements. The nature of vegetables, of metals, minerals, and the best mode of dealing with them to effect the purposes of handicraftsmen and manufacturers,—all, in fact, that botany, mineralogy, metallurgy, chemistry, and mechanical science can teach on such points, only displays a collection of instances, like in kind, though differing in extent, to the discovery of the powers of heat in facilitating the blacksmith's work. To what a large extent this species of aid influences the efficiency of human labor, we may learn by a bare inspection of the workshops and manufactories of England, and, indeed, of several other European countries. The extent to which, by like means, the efficiency of human labor may be increased hereafter, could only be estimated, if we could estimate the probable future extension of physical knowledge, on all points which bear on the industry of nations.

MECHANICAL POWER, AS AFFECTING THE EFFICIENCY OF LABOR.

When speaking of the power exerted by human beings as laborers, we have already said that it will be convenient to waive any consideration of the dif-

ferent muscular strength of different individuals, and to suppose ourselves speaking of an average man.[1]

The *power* exerted by human laborers in producing wealth, and the efficiency of their labor, so far as it is dependent on power, is, however, by no means confined to such power as is indicated by their own mere muscular force; it may be increased in two ways.

1st.—By enlisting in their service, motive forces greater than their own—extra-human forces we may call them.

2ndly.—By employing any amount or kind of motive forces at their command, with increased mechanical advantage. Power and force are often used as synonymous words by writers and engineers. Thus, in speaking of an engine of 40-horse power, they mean an engine which possesses the same motive forces as 40 horses. But the same motive force exercises very different degrees of power when applied with different degrees of mechanical advantage. Let a steam-engine with a motive force of 40 horses be attached to a loaded train on a common turnpike-road, and it will make but little way; level the road perfectly, and lay down iron rails to diminish friction, and the same engine will convey the train at a pace which has been described as annihilating space and time. The *power* of the human laborer who drives the engine has been changed by

[1] The force of a man is calculated by engineers as one-fifth of that of a horse. The force of an average horse is supposed to be just sufficient to raise a weight of 32,000lbs. over a pulley to the height of one foot in a minute; the force of an average man then, calculated at one-fifth of this, will be such a force as can raise a weight of 6,400lbs. to the height of one foot in a minute. The calculation is that of the celebrated Watt, and is probably a tolerably close approximation, although there are great varieties of slightly dissimilar estimates.

the greater mechanical advantage with which he now applies the motive force at his command,—the force itself remaining unaltered.

As in this, perhaps the greatest, so also in the smallest of those advances in the efficiency of human labor, which depend on an increase of power, the same distinction may be observed. If we take two men unprovided with implements, and set them to turn over the earth in a field, their motive forces will be those of two sets of human muscles: provide one of them with a spade, and although their respective motive forces remain equal, the man who has the implement will be at least 100 times as powerful and efficient a laborer as the man who has only his fingers to work with.

This distinction between the increase of motive forces, and the increase of contrivances and means, to apply the same motive forces with greater mechanical advantage, becomes important when we are comparing the efficiency of the labor of different nations, and has not been sufficiently attended to. The cause is obvious. Increased motive forces strike the eye, and produce concentrated and prominent results. The effect of various tools, implements, and machines, by which motive forces, with which we are already familiar, are applied with greater advantage, and thus supply the human race with greater power and efficiency, often escape the observation, and are left out of the calculations of statistical observers and writers; although by being distributed among, and used by the whole mass of, the laborers of a community, they produce, in the aggregate, a vast effect on the relative productive powers of nations.

Of both the circumstances I have mentioned—the neglect of the distinction, and the importance of it—two remarkable instances have lately occurred in the case of persons estimating the different productive powers of French and English labor.

M. Dupin institutes a formal comparison between the forces at the disposal of the two populations of France and England; he calculates the motive forces used by each with all the exactness he can: the horses, the water-wheels, the wind-mills, the breadth of canvass which receives the force of the wind to impel vessels, finally the steam-engines; but he entirely omits in his calculations differences in the implements and machinery through which all these various motive forces are applied by each nation. It is obvious, surely, that he here omits data which are of first-rate importance in determining the relative productive powers of the two countries. To take a simple instance, the case of horse-power. The best form of a plough is a fact yet to be ascertained; but we know that the best form known will do as much work, and as well, with two horses, as the worst with four. The relative number of horses in France and England will therefore give us no information as to the productive powers of the two populations, as far as those powers are aided by horses, unless we know the relative merits of the implements which determine with what mechanical advantage a horse's power is applied in the agriculture, and indeed in various other occupations, of the two countries.

On the appearance of English workmen to assist in the formation of railways in France, the French

soon became aware of the importance of the distinction.

In the *Journal des Débats*, there is a comparison of the efficiency of the English and the French laborers employed on the Rouen railroad. The writer first gives some curious facts as to the different muscular force of the workmen, and as to the manner in which it was equalized when the French adopted the English diet, and then proceeds:

"Besides this, as we have already said, the English workman is generally provided with better tools than the French, and this superiority contributes, in a great degree, to that result so eminently advantageous to him, that you may give him a larger amount of wages, without increasing the ultimate cost of the work. The tools of the savage are his ten fingers only; in proportion as society advances in the path of civilization, man invents tools, which become in fact additional organs whereby his strength and action are increased. The English bring more ingenuity to the construction of tools and engines than any other people. By these means they facilitate and simplify labor. Amongst them tools are invented or improved every day. The steam-engine is with them a tool, and no more.[1]

. . . . . .

"In the same way the English have found means to improve tools which one would have thought had reached the last degree of perfection. It might have been re-

[1] I am not to be supposed to adopt all the statements of the French paper. The steam-engine is not a mere tool, it gives additional motive force, not merely the means of using forces the laborer already possesses, with a greater mechanical advantage.

marked on the Rouen Railway that their barrows, their pickaxes, their hatchets, and their spades, were different from ours."

It will be obvious that the French writer was right in his opinion, that the perfection or imperfection of the tools by which the labor of the many millions of French and English workmen is applied to the task of production, form a point of quite first-rate importance in determining the different efficiency and productive power of their labor. And this difference, it will be again recollected, is wholly independent of any difference in the motive forces at the command of each.

I have dwelt the longer upon this distinction, because, as I have shown, it has been overlooked, even in the case of so eminent a person as M. Dupin. I have another reason. When we come to examine the causes of the feebleness of the industry of some of the groups of nations which will pass us in review, we shall find that it is not to any deficiency of motive forces that the sterility of their labor is to be mainly attributed, although this may be the only cause which attracts the attention of hasty enquirers, but rather to a deficiency in the structure and abundance of the different implements and machines by which the motive forces they possess might be made available; to a deficiency, in short, of good tools, implements, and common machines. The causes which have led to that deficiency, and which tend to perpetuate it, we shall have to trace partly to the institutions, partly to the peculiar and unchanging relations of the producing and other classes in whole clusters of nations. I wish to bespeak your attention

beforehand, to the importance of observing the phenomena which bear on this point: an importance which is increased by a fact which I may state now, but of which I must defer the proof, namely, that the indirect influence of these institutions and social relations on the power of national labor, is mainly felt in a branch of the labors of mankind, the fertility or sterility of which affects in a peculiar manner, and from a peculiar cause, the general wealth of nations.

The progress of mankind in appropriating fresh sources of motive force, is more marked at each stage of its advance, but is less continuous and varied, than that of contrivances to use more advantageously motive forces already known.

The extra-human forces hitherto ordinarily employed in producing wealth are those of animals, water, wind, and steam. The use of animal force is familiar to almost all agricultural communities, however rude.[1] The very different force, however, of the animals employed by different nations, is an important circumstance in determining the general motive forces of their populations; we shall have hereafter to revert to this.

The use of the force of streams of running water became known in Europe only in the age immediately preceding our era. We are in the dark as to its appearance in the East. The power of the winds, except for the single purpose of navigation, was appropriated much later, and wind-mills appear to have been unknown till the tenth or eleventh centuries. We cannot fix on the

[1] Some African nations are supposed to carry on their agriculture by human labor alone.

people to whom the credit of their invention is due. The earliest date recorded by Beckmann was French, and is found in a record of 1005. Beckmann, however, faintly claims the invention for Germany, on the sole ground of the superior mechanical genius of his countrymen; a ground which will probably appear less plausible beyond the frontiers of Germany than it did within them. On the whole, I am disposed to believe the invention belongs to the Netherlands, and that windmills were first used there for drainage. A curious fact, accidentally recorded, marks their gradual spread in those countries. In the fourteenth century the power and good things of this world were still nearly divided between the feudal nobility and the church; about 1391 it seems that some Dutch monks wished to erect a wind-mill. The feudal control of the great landowners over the motive powers of water had long been established, and they viewed the new rival jealously and greedily. When the lord of Woerst, therefore, heard of the intention of the monks to erect a wind-mill within the limits to which his superiority extended, he forbade them to proceed with their project, and declared that all the wind in that district belonged to him. The poor monks applied for protection to their spiritual chief, the Bishop of Utrecht; and the prelate replied in a violent passion (says the Chronicle), that no one had power over the wind within his diocese but himself and the church at Utrecht. The crozier appears, as was not unusually the case, to have prevailed against the sword, and the brotherhood were allowed to erect a wind-mill where they pleased: that is, however, under the Bishop's letters patent.

Considerable intervals then separated the discoveries of the means of using the motive forces of running water and of wind. Another long interval elapsed before the next in order was appropriated, *steam;* the general use of this, the present generation may be said to have seen established. To wealthy nations it is obviously more valuable than all the others, more powerful, more manageable, more independent of localities; already in Great Britain it is estimated to assist the industry of the country by a motive force equal to that of many millions of men.

Attempts have been made to use other forces for like purposes. The pressure of air into a vacuum, the explosive force of gunpowder, the action of the electric fluid, have been partially so handled, as to show that for certain purposes they may be made to give motion to machinery, and so may be used in production.

For the present, however, steam stands unrivalled; but in the present state of human knowledge, discovery follows discovery with a rapidity which mocks the slow advances of other ages; and it is not merely possible, but seems reasonably probable, that we are at the threshold of inventions, which will arm the human race with forces more varied and greater than those which it at present wields.

LECTURE II.

ON CAPITAL.

LET us look back on the general propositions we have already arrived at, on the subject of the production of wealth.

We have seen that the productive power of nations depends partly on the fertility or barrenness of the original sources of their wealth; partly on the efficiency of their labor. That the relative efficiency of their labor is ordinarily, in practice, the predominant cause which determines their relative wealth, in spite of any differences in the fertility of the sources of wealth at their command.

That the efficiency of labor is determined by three causes.

1st.—By its continuity; 2ndly, by the skill and knowledge with which it is applied; and, 3rdly, by its mechanical power; and that the power exerted by man in producing wealth depends partly on the motive forces he can command; partly on the mechanical advantages with which he applies motive forces, of all descriptions, to the task of production.

I shall endeavour in this lecture to exhibit the means by which a community would gradually assume the

form of a perfect producing machine, or rather by which it must gradually approach that form, because it is little likely that any community will ever actually attain it. I give this preliminary sketch, because, as I have already intimated, it will afford us constant means of comparison and estimate when we are observing the actual position and productive powers of the groups of nations which will soon pass in review before us.

Let us remember then, that the efficiency of national labor, abstracting it altogether from differences in the sources of wealth, depends on its continuity; on the knowledge and skill with which it is applied to effect the purposes of the producer; and on the power by which it is aided, that is, on the amount of motive forces it can command, combined with the degree of mechanical advantage with which it can apply those forces.

DEFINITION OF CAPITAL.

Now there is a particular portion of wealth, by the appropriation of which to the purposes of production, all these effects are accomplished; that is, by its use, labor is made more continuous; a class of agents is created, by whom additional knowledge and skill are brought to bear on its application; and the two elements of mechanical power, additional motive forces, and the means of applying them with the greatest mechanical advantage, are both of them provided and multiplied.

That particular portion of wealth is called capital; defined by Mr. Malthus, to be "That portion of the stock

of a country which is kept or employed, with a view to profit, in the production or distribution of wealth." He had previously defined stock, "Accumulated wealth, either reserved by the consumer for his consumption, or employed with a view to profit."

We shall find this portion of the wealth of nations advancing the *continuity*, and *skill*, of their labor constantly, though we can hardly say necessarily and inevitably; because we can conceive that, with the material world and man, constituted as they are, the greatest degree of continuity of human labor, and its most skilful application, might be secured by other means, although observation will show us that it is by the means of capital that they have hitherto attained comparative perfection; and reflection may convince us that the future will follow the past in this respect.

It is somewhat different with the next great element of the efficiency of human labor, mechanical *power*; for while the constitution of the material world and the physical nature of man remain what they are, we cannot even conceive that great cause of the efficiency of labor to be created in any other manner than by capital. It must necessarily be by such an accumulation that the means of appropriating extra-human forces to production are provided, and also the means of employing either such extra-human forces, or the force of human laborers, with the greatest mechanical advantage.

It may occur to you, perhaps, that if all the causes which increase the efficiency of human labor are comprised in, and are nearly identical with, the use of increasing masses of capital in production, then our inquiry

into the political economy of nations, as far as their production of wealth is concerned, becomes a very simple affair, because we have only to remark the causes which limit, or determine, the relative amounts of capital they respectively acquire or use.

Now it is quite true that the relative efficiency of the labor of different nations is mainly effected by the very different amounts of capital which they respectively employ in production: but it by no means follows that this fact makes the task of tracing the progress of their relative productive powers a simple one.

We shall find that powers and facilities to accumulate varying quantities of capital to be employed in increasing the fertility of industry, often depend very much on institutions springing up in the infancy of societies, and affecting, during the whole of their observable career, the distribution of their wealth, and all the relations and means of the productive classes. The tracing back to such institutions the derivative arrangements and capacities of the population in varied groups of nations, is a task we may hope to accomplish, but which cannot, from its nature, be either very simple or very easy.

That we may facilitate it the more, however, we will proceed to give a general sketch of the causes which determine,

1st.—The power of countries to accumulate capital.

2ndly.—Their inclination and habits in using that power.

3rdly.—Their capacity to employ, successively, such fresh masses of capital as increase its bulk relatively to

the numbers of the population by which those fresh masses are to be used.

THE SOURCES OF CAPITAL.

Capital, as we have already seen, consists of wealth saved from revenue, and used with a view to profit.

The possible sources of capital, therefore, are obviously all the revenues of all the individuals composing a community, from which revenues it is possible that any saving can be made.

The particular classes of income which yield the most abundantly to the progress of national capital, change at different stages of their progress, and are therefore found entirely different in nations occupying different positions in that progress. We shall observe this more at large presently. In the meantime, there is no nation at any stage of its economical progress, in which the revenues of every grade and class of its population, may not, and do not, yield something to the progress of the general mass of capital.

For the purpose of observing these revenues in the hands of those who actually contribute to the growing capital of countries, we must obviously trace them into the varied hands of all those who would consume them, if they did not save them. It is upon the general balance of their revenues and their consumption that the growth of capital depends. Political economists, indeed, ordinarily treat of the wealth of all nations as primarily divided into the rent of lands, wages, and profits; and for most of the purposes of analysis, this division is sufficiently

correct and minute. For our actual purpose, however, we must recollect that the accumulators of capital consist not only of those who are the immediate recipients of rent, wages, and profits, but of a numerous body of persons, among whom the rents, the wages, and profits of a country are divided, as national and private creditors, mortgagees, annuitants, and others; who, although the revenues they consume are unquestionably originally derived from rents, from wages, or from profits, yet present a distinct body of consumers, whose peculiar influence on the progress of capital, in some stages of society, must by no means be neglected.

We will begin, however, with the great primary divisions of national wealth, as direct sources of accumulated capital, and speak of derivative incomes afterwards.

WAGES.

To commence with wages. This is evidently the first source. Man must labor before any wealth can be appropriated or produced; and from the results of his unassisted labor the first savings must have been made.

We may pass, however, from the earliest and rudest to the most advanced and productive stages of economical organization. In our own country, the savings from wages are considerable. The savings from the wages of manual labor are not, as we shall presently see, contemptible; but these are not all. Wages, in the language of political economy, comprise the rewards of all mere personal exertion, of all skilled, as well as unskilled labor, the fees and incomes of all professional men, of

artists, clerks, and of the higher classes of mechanics. That portion of the incomes of all tradesmen which does not consist of profits must be included too under the head of wages.

To take the class of manual laborers:—In May, 1842, the Savings' Banks of England had deposited twenty-four millions and a half of money (£24,571,084) in public securities. Of this a very great part, there can be no doubt, was accumulated from the wages of bodily labor.[1]

If the twenty-four millions be the result of seven years' accumulations, there would have been an annual deposit of about three-millions and a half. But the Savings' Banks do not contain all, nor, as I suspect, quite half, the accumulations of the laboring classes, as distinct from professional laborers. If we take the accumulations of all ranks of manual laborers at four millions a year we shall not probably exceed the truth. To make

[1] The following classification of depositors in the Savings' Bank at Manchester will give some notion of the proportion:—

Classification of Depositors.	Number.	Amount of Deposits. £	s.	d.
Domestic servants (nearly 7 in 8 females)	3,063	80,009	5	10
Clerks, shopmen, warehousemen, and porters	1,511	41,336	14	4
Minors	3,033	45,153	12	2
Milliners, dressmakers, and needlewomen	430	11,139	9	8
Shoemakers, tailors, and hatters	309	8,685	9	1
Cotton spinners, weavers, and their assistants	911	25,531	16	10
Silk spinners, weavers, and their assistants	131	3,530	0	0
Calico printers, bleachers, dyers, packers	412	13,096	14	7
Engravers and pattern designers	195	5,346	3	6
Mechanics and handicraftsmen	816	23,759	14	3
Bookbinders and letter-press printers	73	1,507	12	0
Masons, bricklayers, and their laborers	390	10,497	13	7
Joiners, coachmakers, and cabinetmakers	473	15,391	18	8
Cab and omnibus drivers, mail guards, etc.	41	1,588	19	2
Policemen, soldiers, and pensioners	94	2,654	4	3
Professional teachers and artists	323	10,312	16	6
Tradesmen and small shopkeepers	538	20,072	2	2
Farmers, gardeners, and their laborers	350	13,819	9	11
Descriptions not specified	1,844	65,306	16	9
	14,937	£398,740	13	3

up the whole accumulation from wages, however, we must add to these the savings of all the professional classes and skilled laborers in the country, that is, of those particular classes which, there can be little doubt, lay by the largest proportion of their precarious incomes. These annual savings may be estimated moderately at another half million; but to be quite safe, let us confine ourselves to four millions.

Four millions a year in fifty years would amount to two hundred millions, a sum which, if the population double in that time, will be of itself nearly sufficient to advance the wages of the additional number of families.

Wages are clearly, therefore, a source of accumulation which is not to be neglected when we are calculating the capacities of any nation to increase its capital. But the savings from wages in England, where there are other and much more copious sources of accumulation, are of less comparative importance than savings from wages in other countries we shall have to survey. We shall find that, in many of those countries, the prospect of future savings from wages presents the only chance we can perceive of any efficient advance from their present very imperfect powers of production.

RENTS.

The next source of savings, almost contemporaneous with wages, is the rent of land.

We shall hereafter have occasion to examine the very different circumstances which determine the amount of the rent of land in different stages of the economical

career of nations. We need not trouble ourselves with any such investigations here.

When land has been appropriated and cultivated, such land yields, in almost every case, to the labor employed on it, more than is necessary to continue the kind of cultivation already bestowed upon it. Whatever it produces beyond this, we will call its surplus produce. Now this surplus produce is the source of primitive rents, and limits the extent of such revenues, as can be continuously derived from the land by its owners, as distinct from its occupiers.

Over a considerable part of the globe these primitive rents are one great source of the capital actually employed in agriculture: that is, of a mass of capital which, however insufficient, still greatly exceeds in those countries, all which they employ in other occupations.

In Russia, the capital employed on the domain lands of the nobles, that is, on lands in their own occupation, amounts to more than half the whole agricultural capital employed on private estates in the empire. They supply, too, a considerable portion of the capital used by their serf-tenants.

In Western Europe, where a tenantry is found paying produce-rents, their seed, their live stock, and implements, are provided by the landlord. There can be no doubt that a great part of this capital has been provided out of the rent of land, and that much of any future increase, supposing the relations of landlord and tenant to remain the same, must originate in the same source.

But even in the much more advanced state of economical organization in the midst of which we ourselves

live, the rent of land, though an unobtrusive, remains a most important source of national accumulation. It is estimated that half of the value of the lands of England has been bestowed upon them by what are commonly called landlords' improvements, such as ditches, fences, drains, gates, buildings, and the like.

The value of the lands of Great Britain probably somewhat exceeds just now one thousand millions. Here, then, is a capital of five hundred millions mainly derived from the rent of land; and this capital is at the present moment in a very rapid state of augmentation from the same source.

At no period in the history of the nation were more vigorous efforts made, than those now making by the landed body to do all that science and wealth can do, to make permanent improvements on their estates, and to meet the difficulties with which the agriculture of the country has to struggle.

Some very peculiar results follow from the progress of that portion of the national capital which is invested in the improvement of the soil. These I shall have hereafter to explain to you. At present I merely point to the fact, that accumulations from the rent of land are, in all stages of the economical progress of nations, a very important portion of their capital.

PROFITS.

We come now to profits. I need not warn you, after what has just been said, against supposing them to be the only sources from which capital is formed or increases.

But it is important you should remember that there is a long stage in the progress of the productive powers of nations: that stage, indeed, at some point of which most of the nations of the earth are to be found, during which the accumulations from profits necessarily bear a small proportion to the accumulations from wages and rents, simply because that proportion of the revenues of the people which is derived from the profits of stock is exceedingly small when compared with the revenues derived from wages or from rent. We shall find a large portion of the earth in which the national territories are in the possession of a body of manual laborers who are the occupiers of the soil, and who till it with such capital as manual laborers can command, while what the soil yields is divided between these laborers and different descriptions of landowners; while incomes from other sources are rare and scanty.

In this position of society, as we shall more clearly see hereafter, the proportion of the national revenue derived from wages and rent is usually very considerable, and that derived from profits very small, because the mass of national capital employed is small.[1] While this state of things lasts, accumulations from the mass of wages and rents must in almost every case enable the productive powers of such nations to make the first start in advance, and the obstacles which, in practice, prevent such accumulations, and impede such a start, will form an important point of our subsequent enquiries.

[1] Adam Smith saw this clearly enough, but he treated this state of things as transitory. It has, hitherto, in truth, been permanent over by far the greater part of the globe.

But when a considerable advance in the powers of national industry has actually taken place, profits rise into comparative importance as a source of accumulation; and if the advance is very considerable, may become the most important source—though the other sources already dwelt upon never can become inconsiderable—and, indeed, increase in positive abundance, as the masses of capital and of profits become comparatively greater.

On profits, as a source of accumulation, I have one other remark to make, to which popular errors on the subject give some importance. The power of a nation to accumulate capital from profits does not vary with the rate of profit; that is, it is not great when the rate of profit is high, and small when the rate of profit is low; on the contrary, the power to accumulate capital from profits, ordinarily varies inversely as the rate of profit, that is, it is great where the rate of profit is low, and small where the rate of profit is high.[1] A slight inspection of the different nations around us, must convince us of the fact, and with a little consideration the cause is sufficiently obvious.

In England and Holland the rate of profit is lower than in any other part of Europe; omitting Holland, England is notoriously accumulating capital from her profits faster, relatively to her population, than any

[1] Many errors, as to the effects of a fall in the rate of profits on accumulation, on the means of employing labor, and on the progress of population, would have been avoided, had later writers attended carefully to the writings of a master whom they all profess to respect. (See *Wealth of Nations*, Book ii. c. 3.) "Though that part of the revenue of the inhabitants which is derived from the profits of stock is always much greater in rich, than in poor, countries, it is because the stock is much greater; in proportion to the stock, the profits are generally much less."

other country in the old world, and more especially faster than those backward countries in the east of Europe, where the rate of profit on the small quantities of capital they employ is the highest.

If we look back on the past history of England, we shall find that during the period in which her wealth and capital have been increasing the most rapidly, the rate of profits has been gradually declining; and if any other nations are to proceed from their present position to her's, it is, therefore, not merely possible, but, judging from her example, probable, that their increasing quantities of national capital will be accumulated with a declining rate of profit.

Again, a little consideration will show the cause of this fact. Let us assume any two nations to have equal populations; the power of each nation to accumulate capital from profits, would depend on the relative masses of the profits produced by them, which again would depend not alone on the rate of profit in each, but on the rate of profit taken in combination with the relative quantities of capital employed.

If, in paying and employing one million of Frenchmen, one hundred millions of capital are employed at 12 per cent. profit, and in paying and employing one million of Englishmen, three hundred millions of capital are employed at 10 per cent., then the mass of profits would be, in France twelve millions, and thirty millions in England. I believe the relative amount of English capital to be greater than that here assumed, but the assumption will answer the purpose of illustration. In such a case, it is clear that the nation with the lower

rate of profit might accumulate very much more largely than the nation with the higher. If France could save four millions out of twelve, it is not impossible for England to save twenty-two out of thirty. It is not at all probable that the richer nation would save such a proportion; but it is both possible and highly probable, that it would make fresh accumulations from its profits very much faster than the poorer.

The increasing quantity of capital of the richer nation would certainly be accompanied by a greatly increased productive power in all branches of human industry, and by a rise in the amount of wealth distributed as wages and rent; but it is also usually accompanied by a decrease in the *rate* of profits, or a decrease in the proportion which the annual revenue derived from the capital employed bears to its gross amount.

The proof of these facts, and their bearing on the distribution of wealth, I shall have to show you hereafter. I have said enough at present to prove that the notion that a declining *rate* of profits is necessarily an indication of a diminishing power to accumulate from profits, is a very obvious error.

If it be said that all other things being equal, the rate of profits will determine the power of accumulating from profits, the answer is, that the case, if practically possible, is too rare to deserve consideration. We know, from observation, that a declining rate of profits is the usual accompaniment of increasing differences in the mass of capital employed by different nations, and that, therefore, while the rate of profits

in the richer nation declines, all other things are not equal.

If it be asserted that the decline of profits may be great enough to make it impossible to accumulate from profits at all, the answer then is, that it would be foolish to argue on the assumption of such a decline, because long before the rate of profits had reached such a point, capital would go abroad to realize greater profits elsewhere, and the power of exporting will always establish some limit, below which profits will never fall in any one country, while there are others in which the rate of profits is greater. We will discuss that limit hereafter.

DERIVATIVE INCOMES AS A SOURCE OF ACCUMULATION.

In speaking of the sources of accumulation, we have hitherto dwelt exclusively on the three great primary divisions among which all the wealth produced by nations is in the first instance divided. We must not forget that an estimate of the accumulations of the owners of these will not comprehend all the incomes from which additions are actually made to the capital of nations. In modern times we have seen a revenue of between thirty and forty millions enjoyed by the owners of national debt. Now the disposition of such a class to accumulate, differs somewhat from that of the owners of wages, profits, and rent; and an allowance must be made for the effects of the creation of such a revenue, and the habits of its owners, before we can see all the causes which determine the annual

accumulations of England. In surveying, hereafter, the progress of some of the more prominent and interesting among the nations of antiquity, we shall find very important additions made to the national capital out of a public revenue derived from mixed sources: additions which assuredly would not have been made in the same form if that revenue had remained in the pockets of the people. On the peculiarities of such derivative revenues, and on their favorable or unfavorable influence on the progress of national capital, industry, or arts, I do not feel it necessary to dwell now. These things will come in their place. One broad, general principle will answer all our present purpose. To estimate the power of nations to accumulate capital from their various sources, we must trace those revenues into the hands of the persons, be they who they may, who have ultimately the power of saving or of consuming them. No income must be omitted, from the beggar's dole to the prince's revenues; for it is upon the joint power and will of all classes of the community, without distinction, to save something, that the growth of the national capital is determined.

We have seen, then, that the powers of nations to accumulate capital are limited by the joint amount of rent, profits, and wages, however ultimately distributed; that these revenues at different stages of economical progress contribute in their primary shape, in different proportions to the annual accumulations of a country: and that to trace the quantity saved in particular nations, we must not rest satisfied with observing their

revenues in the shape of rent, of profits, and of wages alone, but must trace them to their ultimate distribution, and observe them in the hands of all the classes or individuals with whom the choice rests at last, of consuming or saving, any portion of them.

THE CAUSES WHICH DETERMINE THE INCLINATION TO ACCUMULATE.

The joint amount of all the revenues of two different populations, which we will suppose of equal size, being for our present purpose assumed to be equal, they may still accumulate capital at very different rates. We will endeavor to get a view of some of the causes of such differences. We may arrange them under five heads:—

1st.—Differences of temperament and disposition in the people.

2ndly.—Differences in the proportions in which the national revenues are divided among the different classes of the population.

3rdly.—Different degrees of security for the safe enjoyment of the capital saved.

4thly.—Different degrees of facility in investing profitably, as well as safely, successive savings.

5thly.—Differences in the opportunities offered to the different ranks of the population to better their position by means of savings.

DIFFERENCES OF TEMPERAMENT AND DISPOSITION IN THE PEOPLE.

I shall not dwell much on this, because I doubt if it has much practical influence; still it will perhaps generally be thought to have some. If we take communities consisting, some of Dutchmen or Jews, others of Irishmen, Welchmen, or Frenchmen, it may be imagined that some of those communities would, from differences of moral constitution and character alone, accumulate out of equal revenues, at very different rates. To abstain from present consumption, with a view to future advantage, requires obviously some degree of prudence, of foresight, and some power of self-denial, and with these moral qualities, it may be said, different nations are, from physical constitution, very differently endowed. But bodies of men are, in truth, much more the creatures of the circumstances in which they are placed, than, at first sight, they may seem to be: and if, in all other respects, the communities of the various nations I have mentioned were placed in the same position, I doubt much if their accumulations would indicate any powerful influence of differences in moral or physical constitution. At all events, such differences, if they exist, cannot be accurately appreciated till we can observe the different populations under precisely the same circumstances; and this cause, if cause it is, of differences in the rate of accumulation, need not be dwelt on.

DIFFERENCES IN THE PROPORTIONS IN WHICH THE NATIONAL REVENUES ARE DIVIDED AMONG THE DIFFERENT CLASSES OF THE POPULATION.

An annual amount of national revenue being given, it may,

First, be distributed scantily or plentifully; that is, it may constitute revenues easy, or the reverse, among the classes who have to consume it.

Or, secondly, in two different countries it may be so distributed that different classes of society have the power of consuming or saving.

Where the revenue of each individual is extremely scanty, there is obviously less power of accumulating than where revenues of the same amount are distributed among a smaller number of persons. £100,000 distributed as wages in England is likely to lead to accumulation, which the same sum distributed in Ireland, at Irish rates of wages, could not lead to. The same holds true as to rents, profits, and also as to every species of derivative revenue. We need not dwell on the general proposition, that where the revenues of individuals are, for their station, plentiful, there will ordinarily be a greater accumulation than when an equal amount of wealth is distributed in more numerous and scantier revenues.

That there should be any saving at all, the revenues of individuals must, on the average, be rather more than is sufficient to maintain them in their position in society; that there should be any considerable saving,

the revenues of individuals must considerably exceed that point.

But equal amounts of revenue are distributed in different countries, not only in different proportions, but among different classes of society, different descriptions of consumers, and this makes a very considerable difference in their tendency to accumulate.

In the early stages of the progress of every agricultural people, we see the annual products of the industry of the nations divided almost exclusively between, 1st, occupiers of the ground who are manual laborers; 2ndly, the owners of the soil; and, 3rdly, a body of dependents on these last, who are also laborers. While this distribution takes place, the progress of accumulation is slow, and after a time, the mass of capital employed is apt to be stationary: the incomes of the two laboring classes are scanty, and that, as we have seen, is a sufficient reason why accumulation from their resources is difficult. The third class, the landholders, are driven by necessity to some accumulation from their rents, for otherwise cultivation could not be carried on, and their own annual revenues sustained; and such an accumulation, on their parts, forms ordinarily a most important portion of the capital of such nations; but when the accumulations of the landholders have reached the point necessary to maintain cultivation in its actual condition, their habits, as a body, are adverse to the carrying saving further.

To the distribution, therefore, of the greater proportion of the produce of the national industry among laborers, occupiers, landowners, and their dependents,

we may trace the stationary condition of the capital, and, consequently, the stationary condition of the power and fertility of national industry among many of the people and communities of the eastern and western divisions of the old world.

It is, and ever has been, a cause of very wide influence, instances of which will hereafter come in abundance before us.

DIFFERENT DEGREES OF SECURITY FOR THE ENJOYMENT OF ACCUMULATIONS.

It is obvious that bodies of individuals will only exert themselves to save what they have no reasonable ground to fear will be taken from them: and open rapine and violence, whether proceeding from bad government or a badly organised condition of society, is an impediment to the accumulation of capital, which needs no illustration.

We must remember, however, that this kind of insecurity exists long in the career of many nations, and is the cause of stationary productive powers over a considerable proportion of the earth's surface.

But open violence is not the only source of want of security for the enjoyment of saved wealth. Bad systems of taxation may produce the same effects; and that sometimes the longer and the more mischievously, because the governments which adhere to them, and the people who suffer from them, have no very clear apprehension of their injustice, or their influence, on

the productive powers of the nation. We may take France before the Revolution as presenting an instance of this: similar instances on a smaller scale might be selected in abundance from the rest of Europe.

The population of France before the Revolution consisted of twenty-five millions of people. Of these, twenty millions derived their revenues from the land. It is obvious enough that the national accumulation very much depended on the habits and powers of this very large proportion of the population; although, from various delusions which we shall have to exhibit hereafter, the importance of this fact seems to have been imperfectly appreciated by the government, and indeed, when philosophy at length took the subject in hand, by the philosophers of that country.

When the feudal system was the common law of Europe, persons who held land by military service were not liable to be taxed without their own consent, because certain recognised dues or services, called the feudal incidents or money commutations for those incidents, limited the liabilities of these military landholders, except in cases where they expressly consented to give more to their immediate superior, or to the crown. All other classes were liable to be what was called tallaged, which substantially meant taxed, according to their ability, such ability being estimated by the imposer of the tax, whether the king, or some immediate local superior.

It was thus that the inhabitants of the royal boroughs in England, including London, were taxed at the pleasure of the early Norman kings of England, while their

nobles taxed in a like manner the inhabitants of towns in their domains. In this country that power was soon extinguished. But it is with France we have now to do. This tax, there called the taille, is traced by French inquirers to the Roman province, and the reign of Augustus. The authentic history of the French finances shows that, as early as 1444, it had become the principal resource of the French treasury, and it remained so up to the Revolution, the progress of which it beyond all doubt stimulated.

The persons, and sometimes the property, of the French nobles, were exempt from direct taxation; the main burthen of the taille fell upon the occupiers of the land; upon a great[1] majority of them in exact proportion to their visible means. Their savings, if seen in their effects, were insecure, because they were made the ground of fresh exactions.[2] Plentiful manures, good cattle and implements, even decent clothes, only brought down calamity on the presumptuous possessors: and there are ludicrous stories told, however, by grave people on grave occasions, of a separation into ragged and decently clad occupiers of the same qualities of land, the line of demarcation between which two bodies accurately followed the boundary lines of two fiscal divisions, in one of which, round a town, the taille had been com-

[1] By persevering pretensions and frauds, the noble and official classes were constantly extending exemptions for themselves and tenants extremely unreasonable, and proportionably burdensome to the poor occupiers who did pay; and this to an extent which nothing but some familiarity with the French official publications could make for one moment credible. The crown was as constantly and angrily struggling against these frauds and pretensions, but still feebly; since it had no rational or just principles on the subject to assert. (See *Mémoires concernant les Impositions*, Tom. ii., 20, 66, and *passim*.)

[2] *Détail de la France*, Tom. i., p. 35. See also *Dime Royal de Vauban*, 25.

muted for taxes on consumption, and in the other of which it was collected in the usual way, according to the visible means of the payers.

The effect on national accumulation, of the discouragement to saving caused by the entire insecurity of the growing property of such a very large proportion of the population, is sufficiently obvious. I give it here only as one instance to shew that ill-devised schemes of taxation, even among highly civilised people, where no spirit of injustice, of which the government is conscious, prevails, may exert a powerful and most deleterious effect on the progress of national accumulations. Other instances occur, in too great plenty, in the past history and present polity of other nations, which we may have to touch on when we arrive at the subject of taxation.

DIFFERENT FACILITIES FOR THE INVESTMENT OF SAVINGS.

Supposing the safety of every man's accumulations secured from open violence or fiscal wrong, different countries we shall find differing much in the facilities they offer for the investment of such savings.

In England, every poor man who saves 5*s.* has a savings' bank to resort to. Every one in a somewhat higher class has the public funds to resort to, or he can buy a railway share, or enter a trade; there is no sum, small or great, for which an immediate investment is not to be found. This is not the case in other countries: such facilities arise only in advanced stages of the growth

of the national capital, which growth, in this as in other cases, stimulates its own farther progress, and makes the last steps of that progress far more easy than the first.

It is obvious that, among a poor people, where the national revenues are scanty, and divided principally between the owners of land and laboring occupiers, the numerous and varied investments of a richer country cannot exist. The creation of savings' banks and their success is the fact which, perhaps, best evidences the influence of such facilities in stimulating accumulation. This applies, however, only to the savings of the inferior classes. There can be no doubt that the influence of the same cause is felt through all the superior classes of a nation, and that all other things being equal, mere differences in the facility of investing savings promptly, safely, and profitably, would create very appreciable differences in the amount accumulated in a given time: but this stimulant acts with its greatest force when taken in combination with the next.

THE INFLUENCE OF FACILITIES FOR IMPROVING THE SOCIAL POSITION OF THE ACCUMULATORS.

When there is perfect security for the enjoyment of accumulations; when there are great facilities for investing them; and when obvious means present themselves of making such accumulations the means of advancing the social position of the saving parties, then all the circumstances are combined, which impart the will and desire to save, through all ranks of a

population. It might seem, at first sight, that the mere enjoyment of the income which invested capital gives would be a sufficient stimulus of the kind we are now enumerating; but although it may be difficult to conceive such secure enjoyment in a country where the social position of the accumulators would not be advanced by it, it is not the less true that, in the actual progress of nations, obstacles to any change in the position of large masses of the people are practical and very efficient obstacles to the spread of the spirit of accumulation.

In Europe, those obstacles may be divided into three classes: Distinctions of blood and race; Paucity of non-agricultural occupations; Vicious legislation and regulations as to the privilege of carrying on those occupations.

For a long period all the liberal professions, except the Church, were closed, throughout almost the whole of Europe, to the great body of its people, because they were not noble: a distinction which was grounded usually on original differences of race; but which, however grounded, existed generally. We may observe, in England, the efforts made by the mercantile and trading classes to educate and to support their children in professions which they truly regard, only as steps to the further and permanent elevation of their families. Savings and accumulations consequent on success are the means by which such efforts are made efficient for their object; and we may form some notion of the heavy discouragement which would slacken the accumulation of capital, if this power of upward progress were wholly withdrawn.

The paucity of non-agricultural employment is another cause which, over large regions of the earth, makes it difficult for the mass of the population to change their social position.

In France, before the Revolution, it has been already stated, that out of twenty-five millions of people, twenty millions were connected with the land; non-agricultural occupations absorbed only one-fifth of the population. There is great reason to believe that, over the greater part of continental Europe, the non-agriculturists bore even a less proportion than this to the agriculturists. The field open to the families of the twenty millions was a small one, and it was narrowed yet more by another cause which tended to keep the mass in their position, which other cause we are next to notice.

The body of artizans in the towns formed a considerable portion of the non-agricultural classes; their families increased as the agriculturists themselves were increasing. The objects of these artizans very naturally was to secure employments similar to their own for their children. From various causes, political and fiscal, the French and other governments had given considerable powers of self-regulation to the guilds or companies which were composed of these artizans, and all the authority and influence of such guilds and companies were used and abused, in order to limit, to the smallest possible extent, accessions to their numbers.

The number of apprentices was limited: difficult and absurd conditions were to be fulfilled before those apprentices could be metamorphosed into independent workmen: for the detail and the results of this system

in England I refer you to Adam Smith.[1] There are two remarkable instances which will throw a light on the general effects of them on the Continent, sufficient for our present purpose.

A body of writers in France, "the Economists," established a periodical magazine, called *Les Ephémérides du Citoyen*, which forms, when collected, an extensive and very scarce work, exhibiting a curious picture of the opinions and practices of that day. It was, at that time, dangerous to attack either the institutions or administration of the monarchy; and when wishing to expose the abuses of these French companies of handicraftsmen, a writer of the *Ephémérides*,[2] figuring France and Paris under the names of Cochin-China and its capital, gives an account of the adventures of a peasant who had journeyed to the great city with his son Naru, and his daughter Dinka, hoping to establish them there in some honest calling. He applied to a tailor, baker, pastrycook, shoemaker, but he found obstacles in the laws of each company, and he found those laws protected everywhere by inquests, officers, regulations, and tribunals. After plodding the round of all the workshops in the town, and finding them closed, he listened with dismay to the discussions and decisions of the legal tribunals. These he heard decide solemnly that to make a whip legally, seven privileged classes of artizans must concur, and that none of them must dare usurp the handling of that portion of the whip which belonged exclusively to another: while the seller of the whip must do nothing at all, but be a dealer, and a dealer

[1] Cap. 10., Part II.

[2] See *Ephémérides* for 1769. Tom. I., Part II.

only. Hopeless as to his son, whom he found rejected everywhere, and threatened with savage penalties if he intruded, he had better hopes for his daughter. He finds, however, that she can be neither a milliner, nor embroidress, nor a painter of fans, nor a weaver of ribbons, nor a maker of artificial flowers, nor a seller of natural flowers, in the streets, for these are all privileged and protected occupations. About to return home in despair, an old crone offers to take his pretty daughter to carry a cake basket for her, and promises, if she serve her well, to procure her, when she grows older, a licence (a privilege as it was called) to sell cakes on her own account. The same accommodating friend procures a footman's place for the son, and the honest peasant returns home, leaving both his children to be very quickly corrupted and ruined.

There can be no doubt that this is an unexaggerated account of the state of the non-agricultural industry in France immediately before the Revolution. The picture might, indeed, be somewhat darkened without injuring its truth.

The other incident I alluded to, as throwing light on obstacles opposed to improvements in the social position of the mass of the people, comes from a remoter part of Europe, and is nearer to our own time. When Dr. Bright, known to many of us as an eminent physician, was travelling as a young man in Hungary, he chanced to meet a party of gipsies, of whom one had a coat so fantastically fine that the traveller was moved to enquire whence it came, and how the wearer got it. It turned out to be a chef-d'œuvre, that is, one of those specimens

of workmanship which companies of artizans throughout Europe were in the habit of requiring from apprentices before they were admitted to work on their own account. This garment, when made according to the requirements of the masters of the craft, had turned out too fine for common use, and so had fallen into the hands of the gipsy.[1]

Now Hungary at that moment, with a population of eight millions, was estimated to contain only thirty thousand artizans. The unhappy serfs, in order to make the first steps towards improving their social condition, had to find a place in this small body, which, as we see, made admission as difficult as possible by regulations such as that which produced the curiously wrought coat of the gipsy.

From one end of Europe, therefore, to the other, the same spirit prevailed, and for centuries sensibly neutralized the motives to parsimony and saving which exist wherever an easy advance in social position offers itself to every portion of the population.

We have seen, then, the leading causes which facilitate and stimulate habits of saving, and the accumulation of capital. The possession of liberal revenues by all classes according to their station constitutes the *means* of accumulation.

The *inclination* to save is influenced to some possible, though probably slight, extent, by the provident and self-denying, or improvident and self-indulging, disposition in the people, and that independently of other circumstances. This allowed for, and the revenues of two

[1] See *Bright's Hungary.*

populations being assumed to be equal, then the rate of accumulation in each will be mainly influenced by

1st.—The degree of security enjoyed by each.

2ndly.—By a favourable or unfavourable distribution of revenues, that is, by a distribution among classes more or less disposed and able to save.

Then facilities of profitable investment.

Then facilities of effecting, through accumulation, advances in social position.

A knowledge of these facilities is, of course, the same thing as a knowledge of the obstacles which impede accumulation. That is to say,

The revenues of large masses of the population too scanty to allow of saving from them: or a distribution of important revenues among classes little disposed to accumulate.

Want of security.

Want of facilities of investment.

The absence of means of advancing in social position through accumulation.

These are all of them obstacles that may appear of transient importance to those who confine their observation to a state of society such as that we live in. Here the accumulation and use of capital, reacting on the power and will to accumulate, have nearly or quite removed such obstacles. Here are revenues, comparatively plentiful, flowing from an efficiency of industry which capital has effected. Here are security, facilities of investment, and a social condition, in which accumulated capital finds varied employments for its possessors, constituting a graduated scale of social ranks, of

which one, slightly in advance, seems always, through prudence and self-denial, readily attainable by the rank not too remotely below it. We may observe that capital has not only created, but secures these advantages. It creates bodies in the state who cannot, when once they exist, be shut out from a political influence, which influence, embodied in institutions, makes the continuance of these advantages a condition of the tranquil and safe existence of the community itself.

It is far otherwise with the very great majority of the nations we have to review.

In them the scanty revenues of the great bulk of their populations exhibit small means to accumulate, and the various obstacles to accumulation which we have been enumerating, acting sometimes in combination, sometimes separately, and with varying degrees of comparative force, are still constantly present. They check and discourage that progressive increase of capital which even the slender means of such communities might, under more favourable circumstances, effect.

The observation of the practical influence of such obstacles, and their mode of action in particular groups of nations, will form an important part of our task.

We have, in the meanwhile, the fact before us, that England is largely in advance of the rest of the world; that few nations are following up her footsteps, and of these, none rapidly, some with an almost imperceptible motion. This great fact of the obstinate lingering of the largest part of the population of the globe, behind what we know to be a possible advance in productive powers, is a phenomenon of which it behoves us

to exhibit the existence, and explain the cause, as accurately and distinctly as we can.

But we are still only approaching our task of more detailed observation on the economical position of particular nations, and a few additional general sketches will assist in better preparing us for it.

LECTURE III.

ON THE GRADUAL MANNER IN WHICH CAPITAL OR CAPITALISTS UNDERTAKE SUCCESSIVE FUNCTIONS IN THE PRODUCTION OF WEALTH.

We have seen that capital is the instrument through which all the causes which augment the efficiency of human labor, and the productive powers of nations, are brought into play.

This is in accordance with the conditions on which Man, as lord of the creation, holds almost all the prerogatives with which he has been invested with Providence. Capital is the stored-up results of past labor used to produce some effect in some part of the task of producing wealth.[1] It consists, therefore, of whatever the human race provides for itself while extending its power over the material world. Man, born one of the feeblest of animals, becomes thus their lord, and that of the Earth which he commands and uses, through the

[1] It will be convenient, and it is reasonable, to consider the act of production as incomplete till the commodity produced has been placed in the hands of the person who is to consume it; all done previously has that point in view. The grocer's horse and cart which brings up our tea from Hertford to the College is as essential to our possession of it, for the purposes of consumption, as the labor of the Chinese who picked and dried the leaves. By keeping in view this comprehensive meaning of *production*, we shall be better able, as we go on, to observe the functions and use of different portions of capital.

development of the higher parts of his nature; that is, he is dependent on his foresight, self-denial, and ingenuity, for creating; and on his perceptions of justice, prudence, and political wisdom, for protecting and securing the means by which he rises to his place in the scale of earthly beings.

CAPITAL EMPLOYED AS WAGES.

But this stored-up result of past labor,—this capital by which he aids his efforts, does not perform in every community all the tasks it is capable of performing. It takes them up gradually and successively in all cases; and it is a remarkable and an all-important fact, that the one special function, the performance of which is essential to the serious advance of the power of capital in all its other functions, is exactly that which, in the case of the greater portion of the laborers of mankind, capital has never yet fulfilled at all.

I allude to the advance of the wages of labor. It wants a distinct understanding of this, and, indeed, of many other phenomena which act as drags on the progress of nations, to enable us to comprehend why it is that so few nations have done, what some rare examples show may be done, towards developing the powers of national industry; and why, also, it is that the present condition of the feebler and the more backward, by far the most numerous class of nations, has lasted so long, and is likely to last so much longer.

The wages of labor are advanced by capitalists in the case of less than one-fourth of the laborers of the earth.

And here I must dwell for a moment on the meaning of terms. You will remember that, with Mr. Malthus, I have defined capital to be wealth saved from revenue, with a view to profit. It is in this sense I now repeat that the great elementary function of advancing the wages of labor has not been assumed by capital, or by capitalists, in the case of the great majority of the laborers of the human race; this fact I shall show is both indisputable and of vital importance in accounting for the comparative progress of nations.

We might, if we pleased, no doubt comprise, under the same term, capital, all the wealth devoted to the maintenance of labor, whether it has gone through any previous process of saving or not; and we might defend this by saying that all such wealth performed the same function, that of maintaining the laborer at his task.

I will detain you by no wrangle as to the propriety of doing this; one thing is clear, however, that we must, then, in tracing the position of the laboring classes and of their paymasters in different nations and under different circumstances, distinguish between capital which has been saved and capital which has undergone no process of accumulation; between, in short, capital which is revenue, and capital which is not revenue, but is something else. All the importance of this distinction will meet us hereafter, while dilating on the influence of the fertility of human labor, of the laborers being ranged under different descriptions of paymasters.

At present, I only assert that there is a difference between the influence on the productive powers of nations, of that wealth which has been saved, and is

dispensed as wages with a view to profit; and of that wealth which is advanced out of revenue for the support of labor. With a view to this distinction, I use the word capital to denote that portion of wealth exclusively which has been saved from revenue, and is used with a view to profit.

You will perceive, I am persuaded, the distinction, and will understand me when I say that it will be one of the most important parts of our task to trace its effects and influence on the productiveness of the industry of nations.

The fact that saved and accumulated capital is used to advance the wages of only a small part of the productive laborers of the earth, needs no proof to any one who will take even a slight glance at the facts which surround him. In every nation of the Old World, except England and Holland, the agriculturists far outnumber the manufacturers; and in every country of the Old World, except England and Holland, the wages of the agriculturists are not advanced out of funds which have been saved and accumulated from revenues, but are produced by the laborers themselves, and never exist in any other shape than that of a stock for their own immediate consumption.

It may be as well to point out here how this fact affects their powers of production, or the continuity, the knowledge, and the power, with which labor is exerted. This will assist us in framing the sketch which we proposed to give of a community which should be perfect as a producing machine.

Let us see, then, first, how this fact affects the con-

tinuity of labor; and then how it affects the knowledge and the power brought to the act of production.

The capitalist who pays a workman may assist the continuity of his labor — First, by making such continuity possible; secondly, by superintending and enforcing it.

Many large bodies of workmen throughout the world ply the street for customers, and depend for wages on the casual wants of persons who happen at the moment to require their services, or to want the articles they can supply. The early missionaries found this the case in China.[1] "The artizans run about the town from morning to night to seek custom. The greater part of Chinese workmen work in private houses. Are clothes wanted, for example? The tailor comes to you in the morning and goes home at night. It is the same with all other artizans. They are continually running about the streets in search of work, even the smiths, who carry about their hammer and their furnace for ordinary jobs. The barbers, too, if we can believe the missionaries, walk about the streets with an arm-chair on their shoulders, and a basin and boiler for hot water in their hands."

This continues to be the case very generally throughout the East, and partially in the Western World. Now these workmen cannot for any length of time work continuously. They must ply like a hackney coachman, and when no customer happens to present himself, they must be idle. If in the progress of time a change take place in their economical position, if they become the

[1] *Ephémérides du Citoyen* for 1767. Part III., p. 56.

workmen of a capitalist who advances their wages beforehand, two things take place. First, they *can* now labor continuously; and, secondly, an agent is provided, whose office and whose interest it will be to see that they *do* labor continuously.

First, they *can* labor continuously. The capitalist who advances their wages has resources which enable him to wait for a customer; the average number of persons who will want the articles produced by his workmen is estimated with a surprising approach to accuracy; if they do not come at the moment the article is finished, they will come within some reasonable time: the capitalist can afford to wait till they do come. Here, then, is an increased continuity in the labor of all this class of persons. They labor daily from morning to night, and are not interrupted by waiting for or seeking the customer, who is ultimately to consume the article they work on.

But the continuity of their labor, thus made *possible*, is secured and improved by the superintendence of the capitalist. He has advanced their wages; he is to receive the products of their labor. It is his interest and his privilege to see that they do not labor interruptedly or dilatorily.

The continuity of labor thus far secured, the effect even of this change on the productive power of labor is very great. It seems not unreasonable to suppose that the power is doubled. Two workmen steadily employed from morning to night, and from year's end to year's end, will probably produce more than *four* desultory workmen, who consume much of their time in running after customers, and in recommencing suspended labor.

But the effect of the change of paymasters on the continuity of labor is by no means yet exhausted. The different tasks of industry may now be further divided. Some division took place when a diversity of employments was established; but still, while each workman found his own customer, he was obliged to make, himself, the whole of the article he produced. Now that a capitalist advances the wages of the workmen, if he employ more than one man, he can divide the task between them; he can keep each individual steadily at work at the portion of the common task which he performs the best. The continuity of their labor is now much improved. But further, if the capitalist be rich, and keep a sufficient number of workmen, then the task may be subdivided as far as it is capable of subdivision. The continuity of labor is then complete, and the community reaps all the effects of this complete continuity in the increased mass of national wealth produced.

Capital, by assuming the function of advancing the wages of labor, has now, by successive steps, perfected its *continuity*. It, at the same time, increases the *knowledge* and *skill* by which such labor is applied to produce any given effect.

The class of capitalists are from the first partially, and they become ultimately completely, discharged from the necessity of manual labor. Their interest is that the productive powers of the laborers they employ should be the greatest possible. On promoting that power their attention is fixed, and almost exclusively fixed. More thought is brought to bear on the best means of effecting all the purposes of human industry; knowledge extends,

multiplies its fields of action, and assists industry in almost every branch. The second element of productive power, *knowledge*, and the skill consequent upon it, is then brought largely and widely into play. We cannot calculate the precise effect of it on the general productive power of nations, but we know and can see that the effect is immense, though it elude our powers of calculation.

AUXILIARY CAPITAL DEFINED.

But further still, as to mechanical power. Capital employed not to *pay*, but to *assist labor*, we will call *auxiliary* capital. The national mass of auxiliary capital may, certain conditions being fulfilled, increase indefinitely: the number of laborers remaining the same. At every step of such increase there is an increase in the third element of the efficiency of human labor, namely, its mechanical *power*.

Let us pause for a moment to observe what those conditions are, which must be fulfilled as auxiliary capital thus increases its mass[1] relatively to the population.

I assume, then, at present, that the laborers we are observing, subsist on wages advanced by a capitalist, and also that they are provided with as much auxiliary capital as, in the actual state of knowledge in the community, can be profitably employed to assist them. What

[1] Whenever I speak of the increase of *auxiliary* capital, I shall, unless I give warning to the contrary, mean to speak of its increase relatively to the numbers of the productive laborers of a population, and shall not mean to speak of its positive increase only.

conditions, then, must be fulfilled that the mass of auxiliary capital employed to assist them may increase?

There must concur three things:—1st, The means of saving the additional mass of capital; 2ndly, The will to save it; 3rdly, Some invention by which it may be made possible, through the use of such capital, that the productive powers of labor may be increased; and increased to an extent which will make it, in addition to the wealth it before produced, reproduce the additional auxiliary capital used, as fast as it is destroyed, and also some profit on it.

We have already explained the causes which determine the power and the will to save capital. Leaving these, then, we confine ourselves now to the third condition, on which alone fresh masses of auxiliary capital can be employed.

When the full amount of auxiliary capital, that in the actual state of knowledge can be used profitably, has already been supplied, it is clear that an increased range of knowledge can alone point out the means of employing more. Further, such employment is obviously only practicable if the means discovered increase the power of labor sufficiently to reproduce the additional capital in the time it wastes away. If this be not the case, the capitalist must lose his wealth. If he drain land, the labor employed on it must, by the time the drains fill up or are destroyed, reproduce the expense of those drains, or the capitalist has diminished his means. But the increased efficiency of the laborers must, besides this, produce some profit, or he would have no motive for employing his capital in production at all.

It is very important to remark, however, that all the while that, by employing fresh masses of auxiliary capital, these two objects can be effected, there is no definite and final limit to the progressive employment of such fresh masses of capital. They may go on increasing co-extensively with the increase of knowledge. But knowledge is never stationary; and, as it extends itself from hour to hour in all directions, from hour to hour some new implement, some new machine, some new motive force may present itself, which will enable the community profitably to add something to the mass of auxiliary capital by which it assists its industry, and so increase the difference between the productiveness of its labor and that of poorer and less skilful nations.

We are prepared now, I think, to understand what I proposed to describe to you, before we entered on a detailed examination of various groups of nations: namely, under what circumstances a community would be perfect as a producing machine.

LECTURE IV.

ON THE MOST PERFECT FORM OF SOCIETY AS TO PRODUCTION.

BEFORE we proceed further in this direction, we must turn back for a moment to the distinction between productive and unproductive labor.

The portion of the community which is unproductive of material wealth may be *useful*, or it may be *useless*.

These unproductive laborers may be *useful:* they may enlighten, govern, defend, or adorn, a nation, or may contribute in some mode to increase the happiness and innocent enjoyments of their fellow men. Or they may be *useless:* that is, they may do none of these things.

These propositions, assisted by a careful examination of nations classed according to their different circumstances, needs, and intellectual and moral and social position, would lead probably to some tolerably correct estimate of the most desirable proportion between the part of a population employed in producing wealth, and the part not so employed. But for such an inquiry we are as yet by no means ripe, and it is, besides, foreign to our present purpose.

I assume, therefore, for the present, this most desirable proportion to be determined and known, and I pro-

ceed to consider how the productive laborers should be arranged so that as a body they may form a perfect producing machine.

It is clear, first, that we shall require the whole of the productive laborers to be ranged under capitalists directing their exertions and ensuring the greatest possible continuity to those exertions. We should require, secondly, that these capitalists should be possessed of all the knowledge which, in the actual state of the attainments of the human race, could be brought to bear on the task of dealing with those parts of the material world which men attempt to handle and work on, in such a manner as to effect the purposes aimed at by human industry the most readily.

Thirdly, we should require that the mechanical power with which the laborers carried on their work through all the varied employments of the population, was the greatest in every instance which could be created by any methods then known, of using auxiliary capital to augment the power of labor, whether by appropriating motive forces, or applying them.

On any given day a productive population so arranged, would be in a position to produce the greatest quantity of wealth which the fertility of the sources of wealth at its command made possible.

I have already stated that no nation has even approached such a state of perfection as a producing machine. Over by far the greater part of the globe, the great majority of the laboring classes do not even receive their wages from capitalists; they either produce them themselves, or receive them from the revenue of their

customers. The great primary step has not been taken which secures the *continuity* of their labor; they are aided by such *knowledge* only, and such an amount of mechanical *power*, as may be found in the possession of persons laboring with their own hands for their subsistence. The skill and science of more advanced countries, the giant motive forces, the accumulated tools and machines which those forces may set in motion, are absent from the tasks of the industry which is carried on by such agents alone.

Even in more advanced countries, the progress towards the full development of the efficiency of labor is strikingly imperfect, if we carry our survey through all the classes of their laboring population.

Let us observe England, which, taking her whole population, is by far the most advanced of all.

Here and here alone all classes of laborers are ranged under the direction of capitalists, the agricultural as well as the non-agricultural. The peculiar influence of this last fact on the amount of wealth produced, we shall presently have occasion to advert to.

There can be no doubt, too, that the continuity of labor, the presence of science, skill, and of abundant masses of auxiliary capital, give an efficiency to English industry, which is to be seen during peace in her abundant wealth, and has been felt during war by the world, through the stature and majesty of the financial and military power which she has displayed.

But when we compare the productive powers developed by England, not with those of nations more backward than herself, but with a sketch of a com-

munity perfect as a producing-machine, we cannot but see how very far, indeed, even our own country is from having even approached such perfection.

How far are we from applying all the available knowledge which exists in the country, to augment the skill with which labor is applied in a great variety of occupations.

Take agriculture for one important instance. A knowledge of good farming is spread thinly, and with wide intervals, over the country. A very small part of the agricultural population is aided by all the capital which the experience of some persons, and perhaps districts, shows might be available in this branch of the national industry.

But to turn rather to non-agricultural employments. In some of our great manufactories all the elements of productive power are to be seen, no doubt, developed and combined more perfectly, than in any other region of the earth. But the working in these is the occupation of only a small portion of our non-agricultural laborers. In country workshops, in the case of all handicraftsmen and mechanics who carry on their separate task with little combination, there the division of labor is incomplete, and its continuity consequently imperfect. Science and knowledge are only slowly descending to the assistance of this great mass of our population. The elements of mechanical power, the huge motive forces, which, for certain purposes, as yet limited, we have appropriated; the perfect provision of exquisitely-contrived tools and machines, which those motive forces may one day more generally set in motion, are wanting

over wide spaces in all departments of the industry of the non-agriculturist. Abandon the great towns, observe the broad surface of the country, and you will see what a large portion of the national industry is lagging at a long distance from perfection, in either continuity, skill, or power.

Let me repeat, therefore, that when we sketched out what would be the perfect development of the productive powers of a people, we did so only to attain a standard with which to compare the different positions of a great variety of nations. All of them are approaching, or may hereafter approach, that high standard, not one closely, most of them at remote and widely separated distances, which it will be our business to observe and distinguish.

But observations of this class alone will not suffice when we are seeking after all the causes which influence the industrious career of nations.

Great political, social, moral, and intellectual changes, accompany changes in the economical organization of communities, and in the agencies and the means, affluent or scanty, by which the tasks of industry are carried on. These changes necessarily exercise a commanding influence over the different political and social elements to be found in the populations where they take place: that influence extends to the intellectual character, to the habits, manners, morals, and happiness of nations.

It has been said, with superfluous modesty it appears to me, that these changes in social organization, and the subjects they lead us in sight of, are not the proper object of economical science, which is wealth, and wealth alone.

Economical science can never, however, be successfully pursued, if such subjects be wholly eschewed by its promoters. There is a close connection between the economical and social organization of nations and their powers of production. The agencies by which they work, the relations between the different classes of the great producing masses, re-act on the productive capacities of the body, and such capacities can never be clearly understood, without a distinct perception of *why* and *how* this is. The explanation of this is most distinctly a part of the proper and peculiar task of the political economist.

If we were even erroneously to admit, out of complaisance to some of those who have adopted a narrowed view of the province of political economy, that all which bears directly on the social structure, morals, and happiness of nations lies beyond that province, still we should not be turned for a moment from our own selected course of investigation. Beyond political economy, strictly so called, but still closely and indissolubly connected with the truths it taught, would then lie those applications of it by which alone it could be made to assist in unfolding the shifting political and social influences which accompany the march of nations from rudeness and feebleness to power and civilization. This application of the science would ever be, to the best order of minds, that which makes its results valuable, and the labor of approaching them tolerable.

I have some fears that your own views and inclinations may be warped in a different direction from that against which I have been warning you. You may,

perhaps, be impatient to grasp at once the moral and political results of the science, and spurn the labor of the road by which alone a position must be approached from which you can grasp those nobler results firmly and safely.

It will be an impatience pardonable at your age, but very mischievous withal.

We have before us the wide scene of the nations of the earth earning, by the decree of heaven, their daily bread by labor, and man is connected with man by ties which grow and are formed by their fellowship in the task. Those ties and relations extend from the monarch on the throne, through all the varied division of the population of nations, to the laborer at his work.

Out of these physical conditions and moral ties spring the most exalted virtues, public and private, which can adorn or protect society. We must not despise those ties, nor let the physical wants of men, and these their first social consequences, seem alien to the loftier parts of our nature. As well might we despise the precious brilliant because it is elaborated in the mine from the lowest earthly elements.

We shall speak hereafter, no doubt, and that without at all diverging from our proper path, of laws and legislators,—of the voice and arm of justice embodied in sacred institutions,—of the influence of self-imposed restraint on the lower appetites of our nature, and we shall see how the manners and the morals, and the most precious energies of nations, receive their polish and their strength from the struggle. We shall trace the

history of opinions and see how the strength and the aberrations of human intellect have influenced, in their turn, the fate of generations and nations. Our subject will lead us necessarily into the region of such inquiries. But if we are to treat them as philosophers, we must be patient and learn their inner nature as we learn a language, by dwelling on and dissecting its humblest elements. Such primary elements in economical and political philosophy are the needs and wants of man, and the ties and duties which arise during his efforts to supply them. Let us but be content to track these things carefully and steadily among the varied people which are about to present themselves to our observation, and I venture to promise that you shall not be discontented with the loftiness or dignity of the views of men and communities, of the moral government of God, and the varied career of nations, at which we shall arrive before our course is over.

Yet one more word of warning. It is perhaps too much to expect from your years, that you should keep your minds in an exactly-balanced state of neutrality as to opinions, which, my own experience has shown, are often very distinctly formed before you come to this place.

One class of those opinions I have observed to lead to something like an aversion for the advanced and complicated state of society in the midst of which we live. The crowded state of the towns, the turbulent character of the workmen, some gross habits and some serious vices which are connected with these, and occasional spectacles of appalling want in contrast with sur-

rounding luxury,—these things discourage many pure and ardent minds. The eager and bustling pursuit of wealth by the middle classes, the occasional insolence of vulgarity and riches, and the disgust inspired by seeing these in combination, sullying, as it were, the legislative bodies, and degrading the highest functions of public life, these things add to the unfavorable impression. Young people long for the air of purer, though poorer communities, for the less revolting habits, the less dangerous position, of a scattered population. Social and political ties, and manners and morals, all less obviously dependent on the gross pursuit of gain, secure a preference, and an earnest liking, which is outraged when mere wealth seems adduced to balance their supposed advantages.

On the other hand, riches and wealth have advocates not less zealous. To establish a productive community, a wealthy people, is with some the great object of political improvement, and nations in which the people and the public are poor, are subjects only for commiseration or contempt.

These sets of opinions are both tainted by error. To begin with the last.

It would be a mournful necessity which drove us to believe that the nations who occupy a low position as the producers of wealth, are necessarily wanting in the elements of virtue, knowledge, or happiness. Among such nations the great bulk of the population of the earth is now to be found; it has ever been so. In their bosom, in ancient days, the Domestic Arts originated; the Fine were elaborated; and many a triumph

won for the intellect of Man, in some of the highest branches of human knowledge.

The race of man has assuredly not existed until the nineteenth century, or waited for the greatest known development of its power to produce wealth, in order that it might be possible for nations to be polished, virtuous, happy, or great.

Prejudices of an opposite kind haunt sometimes a different class or order of minds, and are not at all less unreasonable. These are the prejudices against our own state of society to which I have before alluded.

If we were obliged, however, to believe that there was something in the development of productive power which placed communities in a position in which the higher and purer order of virtues, public and private, could not flourish, and in which all classes of the people were vulgarized by the pursuit of wealth, our convictions would be swayed by a necessity more mournful even than any we have contemplated. When we saw the human race exercising that command over the material world, the possession of which seems to mark Man as more than a mere child of Earth, we should be obliged to believe the march of his power to have been attended by a correspondent degradation of his nature, and that the power itself was only that of evil genii, who are gifted with it but as a curse, and possess it only as the means of harm and sin.

As communities change their powers of production, they necessarily change their habits too. During their progress in advance, all the different classes of the community find that they are connected with other classes

by new relations, are assuming new positions, and are surrounded by new moral and social dangers, and new conditions of social and political excellence.

The various conditions to be fulfilled in order to produce the most favorable results during these changes, are greater and more difficult as man advances in wealth and productive strength; and this is only consistent with what we discern throughout all the branches of the moral government of the world. But those conditions, though difficult, are by no means impossible.

The unfavorable view, however, sometimes taken of the social and political complexion of countries abounding in productive power and wealth, is, perhaps, in a great measure owing to the narrow field to which our observations of them must be confined. England is the only great country which has taken what we have seen to be the first step in advance towards perfection as a producing machine; the only country in which the population, agricultural as well as non-agricultural, is ranged under the direction of capitalists, and where the effects of their means and of the peculiar functions they can alone perform, are extensively felt, not only in the enormous growth of her wealth, but also in all the economical relations and positions of her population.

Now England, I say it with regret, but without the very slightest hesitation, is not to be taken as a safe specimen of the career of a people so developing their productive forces.

Untoward events have dogged the progress of the nation; some connected with faults of legislation and administration; some arising out of circumstances over

which neither legislators nor administrators exercised any influence, and which escaped, perhaps, any timely attempt to control them, because the annals of the world gave no warning of them, and afforded no opportunity of observing them elsewhere.

If this suggest many regrets for the past, it still gives better hopes for the future. The evil that has mingled itself with our institutions or our habits, may be weeded out; the good influences we have missed, may still be won to purify and protect us; and other nations, if they assume our economical organization and power, may escape many of the evils that have afflicted our progress, or from which we suffer now.

While treating of the distribution of wealth, and of the laws which regulate population, it will be a grave part of our task to separate what there is necessarily good; what necessarily dangerous or pernicious, to social order, virtue, and happiness, in those particular changes in the position of different classes of society, the germs of which exist everywhere, but which we can observe largely developed throughout the mass of the population in this country alone.

Truth, be it agreeable or repulsive, must be our sole object. I will venture to indicate, however, here, my own belief, which has not been hastily formed, that if a reasonable and quite attainable development of the moral and intellectual qualities of the body of the people go hand-in-hand with the changes which accompany the advance of productive power, there is no reason to look gloomily at the social and political prospects of advancing nations, because it will then be found that a wealthy

people, though greater perils and more dangerous responsibilities surround their course, may, if they do justice to their greater opportunities, make advances in improving the intellect, virtue, and happiness of the mass of their population, even greater than any which have yet been seen elsewhere.

Such intimations might be supported by a few cheering facts, but can be of little value till they are followed up by detailed analysis and sound and sufficient proofs. Still I do not withhold my opinion here, because it would be really a painful task to be pointing out, as I am about to do, the means by which the industry of nations waxes strong and fertile, while I knew that any portion of my hearers believed that I was, in doing so, only indicating a road which must end in a national corruption of habits, manners, morals, and institutions.

LECTURE V.

OF THE LABOR FUND OF THE WORLD, AND THE NATIONS WHO SUBSIST ON ITS LARGEST DIVISION.

We will begin our task of detailed examination by dividing the laborers of the earth into groups, distinguished from each other by the particular branch of the *labor fund* of the world, from which the majority of their population derive their subsistence.

The *labor fund* of the world consists of the portion of wealth devoted to the maintenance of labor. If we speak of its amount for one year only, as is usual when no notice to the contrary is given, it will consist of all the wealth annually devoted to the maintenance of labor.

The *labor fund* of every particular nation consists, of course, of all the wealth annually devoted to the maintenance of the laborers it supports.

When we speak, not of money, but of the commodities devoted to the maintenance of labor, all the portions of the labor fund have the common property of being suited to the maintenance and consumption of the laboring classes.

But this general fund, in spite of this common property, is separated into three great divisions, distinguished from each other by the different manner in

which they reach the hand of the laborer, and by the different relations which they establish between him and other classes of society.

The general labor fund consists—

1st.—Of wages which the laborers themselves produce.

2ndly.—Of the revenues of other classes expended in the maintenance of labor.

3rdly.—Of capital, or of a portion of wealth saved from revenue and employed in advancing wages with a view to profit.[1]

Those maintained on the first division of the labor fund we will call unhired laborers.

Those on the second, paid dependants.

Those on the third, hired workmen.

The receipt of wages from any one of these three divisions of the labor fund determines the relations of the laborer with the other classes of society, and so determines sometimes directly, sometimes more or less indirectly, the degree of continuity, skill, and power with which the tasks of industry are carried on.

The fertility of the industry of nations, therefore, in which any large proportion of the population is maintained on any one of these funds, is proportionably affected by the degrees of continuity, skill, and power, which belong to the group of laborers subsisting on it.

We will begin our investigation by observing that group which is the largest, the most ancient, and contributes the most to determine the wealth produced by the human race taken as a whole.

[1] Capital is always employed with a view to profit; but it is only when employed in this particular way, that it becomes a part of the labor fund of nations.

We may previously remark, however, that all the three divisions contribute something to support the laborers of most of the countries of the globe, though they contribute in very different proportions.

The first division, *self-produced wages*, maintains more than half, probably more than two-thirds, of the laboring population of the earth. These laborers consist everywhere of peasants who occupy the soil and labor on it.[1]

In England this division is hardly discernible, though in Scotland, Wales, and Ireland, it rises into importance.

The second division of the labor fund, *revenue expended in maintaining labor*, supports by far the greater part of the productive non-agricultural laborers of the East. It is of some importance on the continent of Europe; while in England, again, it comprises only a few jobbing mechanics, the relics of a larger body, of whose gradual disappearance or absorption into another class of laborers, we shall have hereafter to trace the steps and the consequences.

The third division of the labor fund, *capital*, is seen in England employing the great majority of her laborers, while it maintains but a small body of individuals in Asia: and in continental Europe, maintains only the non-agricultural laborers, not amounting, probably, on the whole, to a quarter of the productive population.

Still there is, probably, no country in which some individuals of the population are not supported on each of the three divisions of the general labor fund, however different the proportions may be in different countries.

I have not, you may observe, made any distinction as

[1] I exclude a few fishermen and hunters.

to *slave-labor*. In the point of view in which we are approaching the subject, no distinction exists. The civil rights of laborers do not affect their economical position. Slaves, as well as freemen, may be observed subsisting on each branch of the general fund.

The serf-slaves of Eastern Europe, and the negroes on particular spots in some of the West Indian Islands, are peasant-occupiers, and produce their own wages.

The slaves which form part of the luxurious household of great men in the East, subsist on the revenues of their owners. Many of the Russian serfs are still slaves, but released from the soil on paying their masters for a license. These men subsist, for the most part, as independent workmen, fed from the revenues which casual customers expend in employing them.

In the classical nations of antiquity, and in some countries now, we find the funds advanced for the support of slaves, to consist of capital employed with a view to profit. Such were the fourteen slaves which formed part of the inheritance of Demosthenes. Such, too, were the slaves employed, by their masters as artizans, in many of the West Indian Islands.

In every case, however, slaves fall into one or other of the three economical divisions in which we have ranged the laborers of the earth. Whatever their economical position may be, the absence of civil rights affects, no doubt, considerably their national character as workmen, and produce other evil effects in society of a hundred-fold more consequence than the feebleness of their efforts as laborers.

When glancing, however, hereafter, at the progress of Greece and Rome, and of the colonies of Greece, we shall

have to point out that the economical position and advantages, or disadvantages, of the slave are of more importance in determining the productiveness of his labor than his civil rights. The deprivation of these is never without its effects on the efficiency of industry. But still slave-labor exerted under the most favorable economical circumstances, well directed, well overlooked, and supplied in abundance with the powers which capital can bestow, as was the case more especially with the agricultural slaves of Greece and Rome in their best days, is assuredly more productive than the labor of the freemen who are the most unfavorably situated as to these points.

We stand, I hope, in no need of extravagant overstatements on such a subject to sustain our hatred of slavery, or our conviction of its deleterious effects on the nations it afflicts and consumes.

I have further to remark, that while for the present I adopt these divisions of human laborers only, with reference to the *production of wealth*, that is, with a view to display and explain the peculiar or relative productive powers of the nations in which they respectively predominate, yet the same division will last and be most convenient to us when we are following up the other great branches of our subject.

That is, when we are inquiring how the wealth produced by various nations is distributed; what causes influence the fluctuations of population; how taxes imposed on articles of consumption really affect the various classes of the people; or in what manner the growth of home markets, and of foreign trade, re-act upon the national habits and powers of production.

LECTURE VI.

ON THE DISTRIBUTION OF WEALTH.

THE lectures which immediately succeed will be devoted to the Distribution of Wealth.

All wealth is primarily divided by political economists into the wages of labor, the profits of stock, and the rent of land.

This division is open to some cavil, but it will be most convenient to accept it. We will begin, then, with the wages of labor. The wages of labor comprise the reward received for any personal exertion, at whatever time, and in whatever form that reward reaches the laborer. We shall confine ourselves for the present to the wages of manual labor. Due notice will be given when we mean to comprehend the wages of any other labor.

But large divisions of the rent of land are inseparably connected with wages, and by their variations they mutually determine each other. This will be more fully shown hereafter. It is mentioned now that I may forewarn you I mean to take these divisions of the rent of land while I am investigating wages, and to discuss them both together.

THE TWO CIRCUMSTANCES WHICH DETERMINE THE WAGES OF LABOR.

It is clear that, taking the world at large, or any particular portion of it, the wages of labor will be determined: 1st,—By the amount of wealth devoted to the subsistence of laborers; 2ndly, — By the number of laborers who divide it.

We have obviously, then, before us, the double task of ascertaining the circumstances which determine the amount of the funds devoted to the subsistence of laborers, and of ascertaining the causes which determine the numbers of the laboring classes. We will begin with the causes which determine the amount of the funds devoted to the maintenance of laborers.

They present themselves to the observer in three divisions:—

A quantity of wealth produced by the laborer himself as the occupier of the soil.

This branch of the labor fund supports a far greater proportion of the laboring classes of the earth than either of the other two, and is so far entitled to a most steady examination.

The revenues of superior classes expended in the maintenance of laborers.

This branch of the labor fund has exerted in all countries, and still exerts in some, a predominant influence on the position and employments of the non-agricultural classes, and it has considerable historical interest of its

own, besides that due to its actual prevalence and importance.

'*Wealth, accumulated and saved from revenue, advanced to the laborers with a view to the profits of its owners.*

This portion of the labor fund of the world is the most active in developing the productive power of nations, and in changing their social and political elements. It prevails more widely and exclusively in England (not Great Britain) than anywhere else, and is on both these accounts invested with a peculiar interest.

It is obvious that these different branches of the labor fund have all one common result. They maintain laborers. It is equally obvious that each branch is affected in its fluctuations by causes not common to all, but peculiar to itself, which must be separately investigated before we can understand the circumstances which determine the amount of each at any given time and place.

The following divisions of the subject will be found convenient in conducting this investigation. We shall examine wages,

1st.—As determined by the rent of land.

2ndly.—As determined by the produce of land independently of rent.

3rdly.—As determined by the expenditure of the revenues of other classes in the direct maintenance of laborers.

4thly.—As determined by the advance to the laborers of saved and accumulated capital.

Over a very large portion of the globe the wages of the majority of laborers depend upon the terms on which

they occupy land. We will explain the causes which have led to this state of things before we examine its results in the actual condition of such laborers, or in the circumstances which occasion fluctuations in that position.

Men, obviously enough, are in the infancy of society wholly dependent on what they can themselves produce from the earth; first, by collecting its spontaneous produce, and then by what they can obtain by cultivation.

If the mere desire of obtaining subsistence were the only feeling by which the human race was influenced, we should find the individual members of different populations spreading themselves over their territory, and producing their own subsistence, or wages, by laboring in the character of proprietors.

It appears to some reasoners that this is the just and natural state of society. We will, at present, say nothing for or against the justice of such an arrangement; but it clearly is not the most natural, if the natural conduct of a community is that to which it is impelled by the joint action of all its impulses, and not by the exclusive action of any one.

Those elements of human nature, which lead to the appropriation of the soil, produce the next steps in the progress of society.

Man, in his rudest state even, as a gregarious animal, has an instinctive belief in a right of property in the soil vested in the community of each tribe or nation. A similar feeling may be traced in the animal creation. The dogs, for instance, of different districts of Constantinople allow the members of the same community to

exist, as well as dogs may, in the different divisions of the town; but, when a stranger dog appears, the joint rights of the community are at once asserted, and the intruder is chased away or devoured, as the case may be.

A similar feeling pervades the human race, and has been the foundation—be it a good or bad one—of most of the fabrics of society, which we can observe in past times, or see in our own.

But societies of men soon rise above the passive equality of brutes, and feel themselves represented by some portion of their community, be it a chief, an assembly of elders, or a portion of the tribe in council. The moment this substitution of the rights of a portion of a community for those of the whole takes place, the process of property in the soil is begun. It is vested in those who so represent the community, and its various economical, as well as social and political, effects immediately follow. Let us trace them.

There are three different positions in which we can observe those laboring occupiers of land who form the largest portion of the population of the globe.

First. The State may be the supreme owner of the soil, and the occupiers cultivate under conditions imposed by the State. We shall, for convenience (the grounds for which will appear hereafter), name that class of laboring cultivators, *hereditary occupiers.*

Secondly. A body of landowners, intermediate between the occupiers and the State, may impose the conditions on which the occupiers cultivate; these cultivators will then be called, in the ordinary sense of the word, *tenants*, and will exhibit several subdivisions.

Thirdly. The occupier may be found as a simple proprietor, like the American or Australian, or Cape of Good Hope peasant, to whom the State has handed over the property which, as representing the commuity, it has acquired a title to dispose of. The wages of such cultivators once fixed on the land are determined by its produce without reference to rent.

Such hereditary occupiers and tenants in past ages have comprised a vast majority of the human race, and their wages have been determined by the conditions imposed on them as occupiers of the soil, in other words, by the rents they have paid. As in their cases, rent has necessarily determined wages—so their wages have and do necessarily determine the rent of land. A full perception and recollection of the truth of these propositions will be necessary in the development of our subject. It will be best then to explain them here.

In England rent and wages have no such influence on each other. Here agriculture is carried on by capitalists who employ less than one-third of the laboring population; the remaining two-thirds are in the employment of other capitalists who invest their property in an indefinite variety of occupations. If the agricultural capitalists did not make the same, or nearly the same amount of profit which they could obtain in other occupations, they would slowly and gradually perhaps, but still certainly, leave agriculture, and transfer their property to some more remunerating employment. This power of moving their capital, and with it the labor it supports, imposes on the landowner the necessity of restricting his demands upon his tenantry. If he does not leave them

as much profit as they can make elsewhere, his land will assuredly in the long run, be deserted, and he would make no rent at all. For like reasons, if his tenantry insist on retaining more profit than is made in other occupations, some persons employing capital in those occupations will as assuredly resort to agriculture, always a favorite business, and the tenant grasping at extraordinary profits will be expelled. The rent, therefore, to be given for any portion of land consists of the profits to be made on it, in excess of the profits to be made in other occupations, and will never be permanently more or less.

In this country, then, nothing can permanently raise or lower the rent of land but circumstances which increase or diminish the *surplus* profits which can be made on it. This proposition is not only true, but is pregnant with many deductions of very great interest and importance, when we are considering the economical machinery of England or any countries, or rather districts, for there are no whole countries similarly situated.

But it will be observed that all the processes by which the rent of land is thus limited to surplus profits, and is disconnected with wages, depend on, and are almost identical with, the power of moving capital and labor from one occupation to others, where a certain common or ordinary rate of profit can be realized. The capacity of being so transferred may be called the "mobility" of capital and labor, and in countries where agricultural capital and labor have no such mobility, that is, no such capacity of being moved from one occupation to another, we cannot expect to observe any of the results

which we see to arise here from that mobility exclusively.

Now, in the case of nine out of ten, at least, of the occupiers of the cultivated surface of the earth, the laborers and the capital employed in agriculture have no such mobility; they cannot be so transferred from agriculture to different occupations, but are confined to the cultivation of the earth by an insuperable necessity, by adamantine chains, which cannot be broken by any human power.

The rent of land in these countries must therefore be determined by different causes, and I proceed to show you how it is determined by wages, or rather how the rent and wages in such countries determine each other.

The existence of a number of non-agricultural occupations giving employment to a population large, or, indeed, otherwise than very small, in proportion to the agricultural body, is a phenomenon which has come late in the economical progress of any nation; and, as to the vast majority of nations, has never come at all. They are, in this respect, not far from where they started. Their agriculture maintains those who labor at it, and not many more.

Even in France, before the great Revolution, out of twenty-five millions of souls, only five millions were employed or maintained in any other way than by the land. The people of the other countries of Europe are, almost all, even more exclusively agricultural than France then was.

In such a state of things the great body of the laborers

are occupiers of land, and they must find land to occupy and labor on, or they must starve.

The capitalists have not yet appeared, who occasionally, though rarely, elsewhere take the command of agricultural labor, and supply the funds on which the laborer exists. His sole resources are his own labor and the possession of land from which he may extract subsistence. If he quits the land, or is driven from it, he perishes.

But if he is depressed by unjust conditions, by too heavy a rent, he may move his capital at least, it may be said, to some other employment, and realize in that some common rate of profit. This supposes that other employments are open for his capital, and the supposition may be fallacious; but let it pass.

There is an overpowering necessity which, in the absence of a body of capitalist employers, ties the poor peasant's capital to the soil as well as his labor. In rude stages of agriculture, very little, it is true, besides human labor is absolutely necessary in the task of cultivation; but, however small, still some stock is necessary—some simple implements, the hoe, the spade, and other assistants; for without some such stock, the land, and the labor bestowed upon the land, would not together afford the cultivator subsistence. If he parted with his spade and hoe, and scratched the earth with his ten fingers, he and his family would be nearly as likely to starve as if he was turned off the land altogether. Where, then, he has no other employment to resort to, the little stock which assists in making his labor productive of subsistence is tied to the land by a necessity as strict as that

which ties his labor to it, and his threatening to withdraw it in order to get his rent lowered, would be a mere mockery. Philosophers, indeed, may speculate on his doing this, but his position drives away all such power and all such ideas from him.

Such is the condition of the vast majority of the cultivators of our earth, from the Atlantic sea-board of Spain and Portugal to the Pacific. On the industry of such a body of men the power, and indeed existence, of the great empires of the East have in all times rested, as they rest now; and in somewhat different forms the agriculturists of the West fill up different divisions of the same great class.

The conditions imposed upon them once more evidently determines the rate of wages. Of the produce of the soil, a part is left in the hands of the occupier—it constitutes his wages; a part goes to the owner of the soil —it constitutes his rent; and the produce remaining stationary, you cannot increase the one without diminishing the other of these quantities.

There is one proposition applicable to all classes of laboring occupiers holding land on conditions. At a certain limit, all demands of the landlord must stop. There is a point at which the laws of nature interfere to make any but mere temporary exactions beyond that point not merely difficult but impossible. Enough must be left to the laborers to maintain themselves, and rear such a family as will secure another generation of laboring occupiers, or the land will be slowly, or quickly, depopulated, and will yield either no revenue, or a decreasing revenue, to its owners.

Take a district of India for one example. The cultivators cling to their lots of land, and will endure much oppression before they abandon them; but, if sufficient subsistence is not left to them, one of two things must happen: the mortality will increase and the cultivating population become less, and then the produce must become less, and what the landlord can appropriate becomes less too; and, if the pressure continues under these circumstances, and violent attempts are made to extract the same revenue, the district will, in time, become depopulated,—or the population must abandon the soil. Instances of such a result are not rare in Oriental countries — Persia, Turkey, India, etc.

In Europe, the demands of the landlord are usually stayed by a perception of the approach of such results. The peasants in France who pay produce-rents may be seen reduced very closely to such limits;[1] and so in other cases.

But if the peasants have need of ground the landowners have need of tenants. Experience shows what extent of ground a family can cultivate, and what part of the produce the tenant must retain to continue his race, and with it cultivation: and custom, and prescription, establish rules and terms, which prevent the disappearance of the population, though they may not prevent its suffering.

Such is the minimum of the wages of occupying cultivators, which is consistent with the continuous revenue of the owners of the soil.

[1] *De Tracy.*

The maximum is, happily, more indefinite; we are in no condition to treat of that yet.

FIRST DIVISION OF LABORING OCCUPIERS CULTIVATING LAND ON CONDITIONS; OR, IN OTHER WORDS, PAYING RENT.—*Hereditary Occupiers.*

This large section of the laboring classes has possession of the greater part of the cultivated soil of Asia.

Their leading characteristics throughout that wide region are alike, though not always identical.

I will endeavor to explain the common causes which have led to the actual position of these cultivators.

The despotic governments which have ever prevailed in those countries have ordinarily claimed for the monarch not merely a dominion over his territories, but the property of the soil in them. But this claim once made and submissively admitted, what appears to European eyes a *vital* modification of these supreme territorial rights, naturally and almost necessarily took place.

In the absence of capitalists, the existence of a laboring tenantry is necessary that there may be any cultivation at all.

The revenues of such States, however, have ever consisted of the whole or a portion of the surplus produce of the land, that is, of the produce which remains when the cultivators have been fed, and the expenses of cultivation, seed, etc., provided for.

Till an entire change in the organization and habits of eastern communities takes place, no considerable revenue can ever be derived from any other source.

In the continued absence of capitalist farmers, the prolonged existence of such a race of laboring cultivators is, then, as essential to the monarch as their establishment. So far from wishing to displace or disturb the occupying peasant, the State displays everywhere an anxiety to retain him. His ruin, his disappearance, or desertion, are all so many steps towards the ruin of the State itself; and he is coaxed, threatened, or coerced to stay, wherever skill or power to keep him to his task are not wanting.[1]

But if the continued presence of families of cultivators is useful to the State, their right of continuous occupation is matter of life and death to themselves.

There are, once more, no other employments open to the body of them, no capitalist to advance their maintenance in any employment: nature's original provision —the earth, and their power of labor on it, are what they must exclusively depend on; and if a subsistence can so be secured to them, they purchase it with any reasonable, and, indeed, unreasonable sacrifices, exactly as they would ransom their lives.

They accept, then, a right of hereditary succession as the greatest of boons; they claim it as the most essential of privileges. The vital interest of the State and its subjects thus concur in producing that wide-spread position of the great landowner and the cultivators, which we are now reviewing, and which prescription soon perpetuates: a supreme and paramount authority, that is, exacting a revenue from laboring cultivators as the condition of

[1] See, among other proofs, Aurungzebe's instructions to his officers in *Patton's Principles of Asiatic Monarchies.*

their possession of the land; and a body of such cultivators having admitted claims to an hereditary occupation which deprive the monarch of all right to the possession of their allotments while they fulfil their obligations of supplying the revenue to the State. We have seen that in this, as in all other cases of laboring cultivators occupying land on *conditions*, nature opposes an insuperable obstacle to the indefinite progress of the demands of the landowner.

It is well when, before this check comes into operation, policy or law, or custom, prevent the disastrous processes by which it works out its result.

It is well when depopulation, or resistance, or desertion, are kept at bay by the moderation of Oriental governments; and this is very generally the case. We see, indeed, oppression and disaster at work with lamentable frequency; but, on the whole, the systems of State-management stop short, under ordinary circumstances, of the destruction of the population.

It is not my purpose, in this general sketch, to attempt to distinguish, in detail, the systems of different States. It must be remembered, however, that, after they have settled into form, they have, in almost every case, been disturbed and modified by foreign conquerors. The nations of the interior of Asia—that is, the Tartars—have usually supplied these conquerors. Even the Mahometan States have generally received their new lords from this quarter, after the stream of Arabian immigration had ceased, as it rather quickly did, to flow.

The rule of the new masters too often put an end to any symptoms of an improving condition, which, in some

cases, can be observed among the subject laborers. The Indian cultivators were found by Alexander and his Greeks paying to the State one-sixth of the produce; and this proportion had as much of a pretended divine sanction as the Brahminical laws could give it. When the Mahometans became supreme in India, their harsher doctrines as to the relative rights of the subject cultivator are explained by Colonel Galloway.[1]

The simple relations here described, however, are constantly liable to be disturbed and modified by the effects not only of bad, but of *good* government.

In India, for instance, there appear in various parts of the country occupiers so assessed as to have some interest in the soil clearly exceeding the mere wages of their labor. Still oftener are found the impoverished representatives of such bodies, whose interest of this description the progressive demands of the State have deprived of all value.

In settling our own assessments, claimants of this class often give rise to much perplexity and to difficulties, which cannot be hastily pushed on one side without incurring danger of committing much injustice.

Our business, however, now is only with the great body of occupiers under the monarchical governments of the East, living as they ordinarily do on a portion of the produce which constitutes the wages of their labor.

I need add nothing more in support of the propositions I have already laid down; first, that the fund for the maintenance of this branch of laborers—probably the most numerous in the world—forms no part of the saved

[1] Galloway on the *Law and Constitution of India.*

and accumulated capital of nations, but is a revenue produced by themselves from the soil; and secondly, that the produce of their land being taken as a given quantity, it is the rent they pay which determines what shall be left to them as wages.

THE LABORING AND OCCUPYING *TENANTRY* WHOSE WAGES ARE DETERMINED BY THE RENT THEY PAY.

The rent of land may be paid in money, in produce, or in services.

Payments in money are rare: they suppose an advance in the organization of society, which is found in few spots on the globe. There must be both markets to supply specie, and a tenantry capable of risking the variations of such markets, and able to contract on their own responsibility for money rents, with a reasonable probability of their being able to perform such contracts.

In England, such money rents are possible and common. On the European continent they exist only in the neighborhood of towns, or in some districts peculiarly circumstanced. In Asia, only when enforced by the State, to the great peril of the occupiers. In ancient days, indeed, and under mild governments, an alternative of paying rents in produce, has invariably protected the Asiatic peasantry.

Money rents are what the landlord naturally prefers. They save him all the trouble and risk of markets and cultivation; and his revenue, certain in amount, reaches him in the form in which he can the most readily ex-

change it for such commodities as he wishes to consume.

If then we do not find money rents established in a country, it is invariably because there exist circumstances which make the tenant unable to pay them with any certainty or regularity. Such circumstances still maintain their influence over by far the greater part of the cultivated surface of the globe, and the landlords have been obliged to content themselves with revenues in the forms we are about to sketch. The amount of these rents—like the revenues paid to the State by hereditary occupiers—determine, directly or indirectly, what quantity of produce shall constitute the wages of the laboring occupier.

SERFS.

The landlord may be able to entrust the tenant with the task of cultivation, and rely on the receipt of a proportion of the produce, or he may not be able so to trust him. If he cannot trust him, only one expedient remains by which he can, through a laboring peasantry, secure a revenue from his estate.

He may hold a portion of his property in his own hands, and deliver the remainder to a body of peasantry on the condition that they should not labor wholly for themselves, but during some portion of their time should labor on his reserved lands, his demesne, and for his benefit.

In ancient and modern times there have existed an indefinite variety of this sort of tenantry. The bar-

barian invaders of the empire brought some with them, and found others in the Roman provinces.

The more eastern portion of Europe, consisting of countries which never were occupied by Romans, still continues to be cultivated by such laborers, and they compose by far the largest part of the population of those countries.

Their early history in Western Europe is interesting; we can trace large masses of them to a condition between freemen and slaves, holding land on conditions not very onerous, but which made them ordinary instruments in the cultivation of the estates of the crown and nobility.

The progress of the feudal power abolished there the remnants of freedom, which older systems had left to them.

Further east, in those countries of Europe in which true feudal relations never prevailed at all, other causes have done the same work, and the serf there also has become a slave.

I have elsewhere discussed at length the manner in which this result has been worked out, and will only repeat here that, from the east of Germany to the east of cultivated Russia, the wages of the great bulk of the population—that is, of the laboring agriculturists—are determined by what they can produce from the ground, after fulfilling the conditions which have been imposed upon them by the landowners on whose estates they are to labor.

LABORERS PAYING PRODUCE RENTS.

Another class of laborers also extracting their own wages from the soil, the amounts of whose wages are determined by the rents they pay, are the metayers to be found in Continental Europe, and in some other parts of the globe. I have sufficiently explained elsewhere their origin and circumstances.

It is enough to repeat here that their wages consist of a proportion of the produce of the land they occupy, and that the produce being a given quantity, the amount which they retain, or in other words, their wages, is determined by the amount which they resign to the landowner, or by the rent they pay.

There remains only one other class of peasant laborers who extract their own wages from the soil, and these are cottiers, or persons who, though they labor with their own hands to produce their own food, are yet able to undertake the responsibility of paying to the owner of the land they occupy, not the surplus *produce* beyond what they retain, but the *price* of that produce, in other words, to pay a money rent.

The capacity of paying such a rent is a proof that the laboring cottier is surrounded by a state of society which offers some advantages to distinguish it from those of his class who pay labor or produce-rents. The money-rent, however, brings also, directly and indirectly, many perils with it. The expedients by which custom and prescription protect the ruder and more backward forms of agricultural society, are wanting to the cottier.

THE WAGES OF LABORING *PROPRIETORS* OF LAND CULTIVATED BY THEMSELVES.

So far we have seen the wages of the laboring cultivators depend upon the *conditions* on which they hold the land they occupy, or on the nature and amount of the rent they pay. We must remember that there are many industrious laborers who hold their land in full property and pay no rent. Their wages consist of the produce of the land they labor on, limited by its fertility, the efficiency of their skill and industry, and by the size of their allotment.

Of these limiting causes the most important in practice is found to be the extent of their property. If every family had as much land as their labor could make available, the wages of this class would never be scanty; but no fertility in the soil, no amount of industry and skill in the cultivators, can protect their race from the pressure of want, if frequent subdivision of peasant properties reduce their estates to a size so diminutive that it is impossible they should yield a full subsistence.

This direct effect of minute subdivisions is obvious. The same result may be produced indirectly. If the laws of a country make it impossible to prevent frequent and noxious subdivisions, except by a system of mortgages, the produce retained by the cultivators may be reduced as it would be by high rents or excessive taxation, till the cultivators are miserable, and, if they form a considerable portion of the population, till the State

and society are in danger. This seems to be the case in France just now.[1]

The cause which ordinarily produces excessive subdivision is the progress of population, the multiplication of the number of the proprietors and their families.

We have before remarked that a knowledge of the causes which determine the amount of wages always supposes two investigations to have been gone through: one, of the circumstances which determine the amount of wealth devoted to the maintenance of laborers; and a second, of the circumstances which determine the numbers of the laborers. The second investigation evidently includes the whole subject of the population.

As the numbers, then, of the laboring population determine the sub-divisions of properties, we shall not be able to throw much light on the condition of these laboring proprietors till we understand the causes which rule the movements of population. We will dismiss for the present, then, this class of laborers to return to them hereafter.

In the meantime we may remark that these bodies have largely increased of late years in size and importance. They have been multiplied in the Old World by political events and systems. They are largely increasing in the New with the rapid increase of its young and fruitful populations. We must remember, when we return to them, that there is, perhaps, no division of society more full of interest to the political economist and statesman of the present day than this class of small laboring proprietors.

[1] These lectures were delivered shortly after the last French Revolution.

REVENUES EXPENDED IN THE WAGES OF LABOR.

We have seen that the great source assigned by Providence, for the maintenance of the human race, is the earth, its spontaneous productions, and the food which the cultivator extracts from it by his labor.

But mother-earth, once cultivated, not only gives sustenance to the class laboring on the soil, but calls into existence the means of forming other classes in societies and communities, and of initiating, at least, and carrying forward, to a certain extent, all the tasks of civilization.

It is a law of nature that the land which one family can cultivate, will, with rare exceptions, produce more than enough for the sustenance of that family, and the continuance of their cultivation.

This surplus produce supports other classes of societies.

It may belong to the cultivators, as in the case of laboring proprietors.

It may be handed over to individual landowners, as by all classes of tenant-agriculturists, or it may be paid to the State as by the class of hereditary occupiers. On its extent must always depend the number of non-agriculturists in the cultivated countries of the world.

On the persons by which it is distributed, and their habits and wants, depends the nature of the employments of these non-agricultural classes, and the commodities they produce when employed in productive industry.

This source of wages has a tendency to transfer its functions into the hands of capitalists, or rather, perhaps,

to convert itself into a fund to satisfy the conditions on which the capitalists may go on with the process of continuously advancing the wages of the non-agricultural laborer. The stages of this transition, and the continued importance of these revenues, and of their expenditure, form an important branch of our subject, and we shall recur to them. At present, however, we are concerned with such revenues in their earliest application, that is, as they are expended in the *direct* support of labor.

Before capitalists appear as the advancers of wages, there is, ordinarily, a long and weary interval, during which the owners of revenue must apply it themselves, in support of the workmen who produce the commodities they desire, or go without them.

This state of things remains in Asia. It has passed away gradually, but by no means perfectly, from by far the greater part of Europe.

Let us examine one or two striking examples of the extensive functions of this part of the labor fund in ancient Europe before we follow it to the present seats of its activity and influence.

The kings of France, of the first and second races, lived principally on the produce of their domains; they expended their revenues as they received them, in kind; and some picturesque and instructive accounts of a portion of this expenditure are preserved: their different palaces were, in fact, towns, of which the numerous inhabitants, civil and military, consumed the rude wealth of the monarch. Of the civilians, one great branch were the handicraftsmen who supplied the demands of the monarch and his following.

"The kings travelled with their court from one palace to another to consume successively the provisions which were accumulated there. The administration of so many landed estates might be complicated; they required, however, neither writing nor correspondence. The products of the earth were received and employed in kind, and when the barns were empty the accounts were closed." [1]

In the spacious courts of these palaces, handicraftsmen carried on their occupations, while the monarchs looked down on them and occasionally selected both men and women for promotion.

The wages of such workmen were obviously derived directly from the revenue of their great customer, and not from an intermediate class of capitalists. There is no reason to doubt that the palace-yard only represented, on a larger scale, the establishments of the numerous nobility who began, from the very foundation of the Frankish monarchy, to derive revenues from the landed estates granted to them, and to distribute them from their residences. This mode of distributing such revenues may be traced in other countries, and to a much later period.

If we pass over to England, as late as the Wars of the Roses, we find it calculated that the Earl of Warwick alone fed daily, in his various castles, forty thousand men; and he was only one of a body of landed proprietors whose income was spent in the same way. Among the crowd of menials and military retainers, there is no doubt that the artizans of the period came in for a considerable share of this baronial expenditure.

[1] Sismondi—*Histoire des Français*, i., 29.

But, from Europe, this direct dependence of the artizan population on the revenues and expenditure of those who consume the commodities they produce, is a state of things which has almost entirely passed away. Tolerable, though generally imperfect, systems of laws and government have given security and energy to the non-agriculturists, sufficient to produce, very generally, accumulations of stock, and a body of capitalists, who employ the majority of artizans, advance their maintenance, and take charge of finding, for the wares produced, customers who will reimburse the advances of the master caste, and pay them a fair remuneration for their trouble, expenses, and risks—a remuneration which constitutes the profit of the capitalists, and which, we may remark, forms ordinarily a very small part indeed of the additional wealth produced by their agency and assistance.

The transition in Europe has been aided, no doubt, by municipal laws, and by the legislation for, and by, guilds and companies, which, under different forms, have influenced, very considerably, the fortunes and career of European non-agricultural industry.

Even in Europe, however, the number of laborers whose wages are directly advanced from the revenues of other classes, and not from capital, is still very considerably greater than a mere survey of English society would lead us to estimate; and in England itself, though the body is comparatively small, it is positively far from inconsiderable.

If we choose to take the army and navy and the menial servants into account, the number of persons who subsist on wages advanced from revenue does not

fall far, if at all, short of the number of heads of families employed in agriculture.

But it is in Asia that we observe this particular fund for the maintenance of non-agricultural laborers in full and continued activity and predominance.

Various causes have occasioned this; and though we cannot, perhaps, very distinctly trace them all, the fact itself admits of no dispute.

The early dependence of the artizans directly on the revenues of consumers is a matter of necessity. They cannot be supported by advances from accumulated stock when neither capital nor capitalists exist for the purpose; but the indefinite prolongation of this state of things shews that some untoward circumstances impede the progress of national industry.

The existence of the laboring *agriculturist* in the character of sole occupier of the land, and the producer of his own wages, is inconsistent, indeed, with the fullest possible development of agricultural power, but not with a considerable progress in skill and efficiency; and, accordingly, we still find the agriculturists in this condition in ninety-nine parts out of a hundred of the cultivated surface of the globe.

But the advantages of transferring the *non-agriculturists* to the pay of capitalists are so numerous and so striking in securing the continuity of their exertions, and knowledge, and power to aid them, that the postponement of such a transfer is really a postponement of the progress of nations in the consumption of non-agricultural wealth.

The first capitalist employers—those who first advance the wages of labor from accumulated stock, and seek a

revenue in the shape of profits from such advance—have been ordinarily a class distinct from the laborers themselves: a state of things may hereafter exist, and parts of the world may be approaching to it, under which the laborers and the owners of accumulated stock, may be identical; but in the progress of nations, which we are now observing, this has never yet been the case, and to trace and understand that progress, we must observe the laborers gradually transferred from the hands of a body of customers, who pay them out of their revenues, to those of a body of employers, who pay them by advances of capital out of the returns to which the owners aim at realising a distinct revenue. This may not be as desirable a state of things as that in which laborers and capitalists are identified; but we must still accept it as constituting a stage in the march of industry, which has hitherto marked the progress of advancing nations. At that stage the people of Asia have not yet arrived.

We have an account of the Persian artizans in Chardin, and of those of China in other authors. But of the state of manners to which the dependence of the workmen on the revenues of their customers has given birth in China, you would, perhaps, get the most striking picture in the Chinese Exhibition, so long kept open by its American proprietor in London. It is thronged with figures of artizans with their small packs of tools, plying for customers, and idle when none appear—painting vividly to the eye the necessary absence, in their case, of that continuity of labor which is one of the three great elements of its productiveness, and indicating sufficiently, to any well-informed observer, the absence also

of fixed capital and machinery, hardly less important elements of the fruitfulness of industry.

In India, where the admixture of Europeans has not changed the scene, a like spectacle may be seen in the towns. The artizans in rural districts are, however, provided for there in a peculiar manner, made possible and convenient by their institutions, and consecrated by their early laws. Such handicraftsmen and other non-agriculturists as were actually necessary in a village were maintained by an assignment of a portion of the joint revenues of the villagers, and, throughout the country, bands of hereditary workmen existed on this fund, whose industry supplied the simple wants and tastes which the cultivators did not provide for by their own hands. The position and rights of these rural artizans soon became, like all rights in the East, hereditary. The band found its customers in the other villagers. The villagers were stationary and abiding, and so were their handicraftsmen, who were thus built into that edifice of enduring construction, the Indian village, which, however broken up by time and foreign interference, continues, through large portions of the peninsula, to be the substratum of the Hindoo social system, and the cause and pledge of its character and permanency.

The artizans of the towns were and are in a very different position. They received their wages from what was substantially the same fund—surplus revenue from land—but modified in its mode of distribution and its distributors, so as to destroy their sedentary permanence, and produce frequent and usually disastrous migrations.

We must remember that such artizans are not confined

to any location by dependence on masses of fixed capital. The cotton, and other manufacturers of Europe, will be found fixed in districts in which water-power, or the fuel which produces steam, are reasonably abundant, and wherever, under any circumstances, considerable masses of wealth have been converted into buildings and machinery, laborers to work it will be found abiding in the locality.

But the case is different when the sole dependence of the laborers is on the direct receipt of part of the revenues of the persons who consume the commodities the artizans produce.

Such artizans must contrive to stick to their customers. They are not confined to the neighborhood of any fixed capital.

If their customers change their location for long—nay, sometimes for very short—periods, the non-agricultural laborers must follow them, or starve.

These circumstances give rise to some of the most striking phenomena, which characterise the habits or the history of Asiatic society.

The great Aurangzeb was in the habit of making occasional excursions to Cashmir; and Bernier, an eye-witness, has told of the thronging crowd of artizans which left Delhi to follow the monarch and his Omrahs, in the absence of whose local expenditure at the capital the workmen must have starved.[1] He is attempting to estimate the numbers which followed the monarch: "I can say nothing certain, except that it is a prodigious,

[1] See Bernier, *Voyages dans les Etats du Grand Mogol*, vol. i., p. 300; vol. ii., p. 251.

and, as it were, incredible quantity of people. But, then, you must recollect that it is all Delhi, the capital town, that marches; because the population, subsisting wholly on the court and army, as I have said elsewhere, is obliged to follow, especially when the journey is as long as this one (to Cashmir), or the people must die of hunger."

He describes very vividly, as they appeared to his eyes, the poverty, misery, and want of all resources and all security of this artizan class, quite sufficiently to account for the non-appearance of capital or capitalist employers to share their perils.[1]

When the same monarch, in his later years, entered on the series of unfortunate campaigns in the Deccan, which ended in his repulse and utter defeat, and so sealed the ultimate ruin of his mighty empire, his camp became, for twenty years, his home, and to it flocked those whose subsistence depended on sharing the revenue he expended there. The ministers of luxury, as Elphinstone calls them, amounted to ten times the number of the fighting men, and the whole greatly exceeded a million.[2]

But, in observing the phenomena which the existence of this class of men gave rise to in Asia, and in India more especially, it is necessary always to recollect, not merely the fund or revenues from which the handicrafts-men are fed, but the hands by which the far greater part of that fund were always then distributed. The surplus revenue from the soil, the only revenues except

[1] See Bernier, *Voyages dans les Etats du Grand Mogol*, vol. i., p. 304.
[2] See Elphinstone's *History of India*, vol. ii., p. 431, and foot note.

those of the peasantry of any considerable amount, were distributed by the State and its officers. The capital was, necessarily, the principal centre of distribution; and the whole surface of India, ancient and modern, bears testimony to the results of those changes of capital, to which caprice, or war and change of dynasties, gave rise.

From Samarcand, southwards to Beejapoor and Seringapatam, we can trace the ruins of vanishing capitals, of which the population left them suddenly, as soon as new centres of distribution of the royal revenues, that is, of the whole of the surplus revenues of the soil, were established.

In other countries, towns which cease to be capitals decay, but decay gradually and slowly.

In Asia the same necessity which obliged the artizans of Delhi to follow Aurangzeb to Cashmir, depopulates all but instantaneously the deserted capitals of the native princes. Beejapoor affords as good an example as any. It was the abode of a race of princes who divided with several rivals the provinces of the Deccan.[1] Its rulers were, for their means, magnificent builders. It was taken by Aurangzeb in 1686, the dynasty was dethroned, and the town ceased at once to be the centre of distribution for the surplus revenues of the

[1] Meaning all India south of the Nerbudda and north of the Toombudra. The exception of the countries south of the Toombudra is convenient, and perhaps proper (see Wilks' *Southern India*), but it is not always attended to. Dukkun, I am told, means, in Sanscrit, anything on the speaker's right hand. In referring to the points of the compass, it means the south, because, when referring to them, the speaker is always supposed to look towards the east. How far south, however, a Hindoo means to travel when he speaks of the Dukkun as a district of India, is not clear.

land of its provinces. The population departed at once; the town remained: the climate is favorable to the duration of its materials; and mosque and minaret, palaces and walls, in silence and solitude, still tell the tale of its sudden desertion. Seringapatam, never so magnificent, offers the same spectacle and the same lesson.

Ghazni is a village, Samarcand a vast heap of ruins, the abode of wild animals, and of a few Mahommedan Moollahs, who chaunt the Koran over the tomb of Timour, and anxiously ask the rare visitants who seek the place if the mighty conqueror's descendants still exist and reign.

Palibothra, Canoge, Mandoo, Goor, and many deserted sites of cities, named and nameless, tell, by their vestiges, of like changes, and indicate faintly the advance and retreat of dynasties and races which once collected round them the non-agricultural population of districts or empires, who fed—as Bernier saw those of Delhi feed—on the revenues distributed to them by the monarch and his officers.

But besides the rapid agglomeration and dispersions of large bodies of men, certain other phenomena in the history and monuments of the East, indicate the long existence of this class of artizans, the sources of their subsistence, the rank and character of their employers, and the influence of these circumstances on the mighty results of their labors.

Bear in mind the two facts, that the body of such workmen can exist only in the employment of the distributors of revenue, and that the great distributor in Asia is the State. It has happened in times past that

these Oriental States, after supplying the expenses of their civil and military establishments, have found themselves in possession of a surplus which they could apply to works of magnificence or utility, and in the construction of these their command over the hands and arms of almost the entire non-agricultural population has produced stupendous monuments which still indicate their power. On the Pyramids, inscriptions have been traced which are said to commemorate the quantity of lentils and other vegetables consumed by the workmen during their construction. The royal builder could have left no surer proof of the foundation and nature of his greatness. The teeming valley of the Nile, cultivated by industry, skill, and abundant irrigation, produced food for a swarming non-agricultural population, and this food, belonging to the monarch and the priesthood, afforded the means of erecting the mighty monuments which filled the land. The paintings and sculptures sufficiently testify that it was sheer and almost unassisted labor which was employed in their construction, and without entering into the question of the mechanical knowledge of the Egyptians, we can see that in moving the colossal statues and vast masses, of which the transport creates wonder, human labor almost alone was prodigally used.[1]

Monuments, not so numerous, but of equal vastness, are to be traced in other Oriental countries; such are the topes and reservoirs of Ceylon, the Wall of China, the numerous works of which the ruins cover the plains of Assyria and Mesopotamia.

The number of the laborers, and the concentration of

[1] See Wilkinson's *Manners and Customs of the Ancient Egyptians*, vol. iii., p. 328.

their efforts sufficed. We see mighty coral reefs rising from the depths of the ocean into islands and firm land, yet each individual depositor is puny, weak, and contemptible. The non-agricultural laborers of an Asiatic monarchy have little but their individual bodily exertions to bring to the task; but their number is their strength, and the power of directing these masses gave rise to the palaces and temples, the pyramids and the armies of gigantic statues, of which the remains astonish and perplex us. It is that confinement of the revenues which feed them, to one or a few hands, which makes such undertakings possible, and has accomplished the marvels of which even the relics are the most striking part of the inheritance that modern ages have received from those long gone by.

We have seen under what circumstances the produce they raise with their own hands from the earth support the majority of the agricultural laborers, and how revenues or incomes, by their direct expenditure, support a large proportion of its non-agricultural laborers.

But, before we part with these revenues, to treat of capitalists as the paymasters of laborers, and of the peculiar funds of their class, it may be useful to add a few observations on the indirect and much more enduring effects of the expenditure of such *revenues*, in making possible the maintenance of laborers and their continuous employment, even after capitalists have appeared and taken up their position as employers.

Picture to yourselves an European village in the tenth century, of which all the inhabitant artizans subsist on wages advanced to them, as independent work-

men, by some neighboring proprietor, or proprietors, who purchase and consume the commodities they produce. Then let a capitalist, who advances the wages of some or all of them, appear, and, in due time, sell the commodities the workmen produce for him to the same proprietors.

It is clear that the continuous expenditure of the proprietors' revenue in such commodities is a condition, the fulfilment of which is essential to the continuous operations of the capitalist. If there were no consumers ready to expend revenue in the purchase of the commodities his workmen produced, he must give up producing for sale; and, if he himself consumed the commodities so produced, his capital would not be replaced: it must soon be exhausted, and he must cease to advance wages to his workmen. He has been but an agent to give the laborers the benefit of the expenditure of the revenues of the surrounding customers, in a new form and under new circumstances; and the real source of the workman's subsistence, pushed out of sight by the interference and advances of the capitalist, loses none of its vital importance. It still substantially secures food to the laboring classes, and so constitutes the ultimate support of the framework of society.

We shall have, hereafter, to take more complicated cases and comprehensive views of this truth, that, with very slight exceptions, the existence of revenues in other hands, co-extensive with the value of the goods produced through capital employed, is essential to the continuous existence of bodies of non-agricultural laborers. The object of all production, however much or little aided

by capital, is consumption, and the possibility of consumption rests upon the existence of such revenues, and of owners ready to expend them.

The primary sources of the support of the population of nations do not cease, therefore, to be essential sources, even where the people seem to be severed from them by the intervention of new employers, and of what is, apparently, an additional fund devoted to their maintenance.

CAPITAL, OR ACCUMULATED STOCK, AS A FUND FOR THE MAINTENANCE OF LABOR.

So far we have traced the mass of human societies and their laborers, while dependent on the two great primary funds which Providence provided, when it fixed the productive powers of the earth and its capacity of being appropriated. Mankind has moved very slowly and imperfectly from direct dependence on these two primitive funds. Their advantages and disadvantages still determine the position of a huge majority of mortal men.

Capital, or accumulated stock, after performing various other functions in the production of wealth, only takes up late that of advancing to the laborer his wages.

The mere hunter or fisher provides his weapons or canoe; the husbandman must have implements and seed; and, as soon as the separation of employments takes place, dealers on a large or small scale assist the exchanges and consumption of nations, domestic or foreign, by providing their stores of goods, or merchandize, houses, roads, canals for irrigation; and, still of the

laborers, the agriculturist depends on the results of his own toil to produce his food; the artizan feeds on a portion of the revenues of his employers, and the owner of accumulated stock, as yet, advances the subsistence or wages of no part, or an indefinitely small part of the nation.

The capitalist at length advances to the task. To see all the effects on the community at large, and on the laboring classes in especial, of this change, we will observe it, in the first instance as complete and extending to the whole population, not forgetting that only one large country presents the spectacle of such a change completed, and that that country is our own.

We can afterwards, in practice, make allowances for the incompleteness of the change elsewhere, and for the mixed condition of other populations.

The first striking effect is an enormous increase in the productive powers of the community; and the second, an entire change in the relations of the laborers to their employers, and in their position in the body-politic.

The augmentation of productive power is obvious enough. The power of the handicraftsmen is certainly more than doubled by their industry becoming continuous instead of desultory, when the capitalist secures the means of their working uninterruptedly, instead of spending their time, partly in plying for customers and partly in changing jobs. Another mind, too, is introduced into the tasks of industry, whose interest, and, therefore, constant effort, it is, to divide or combine the tasks of industry in the most advantageous manner. But, more than this, the guidance of industry is now in the hands of

persons to whom is entrusted the task of gifting it with all the productiveness which increased power can give through improved tools and machines, and the use of animal, and all other extra-human forces. To put shortly this last cause of increased productive power. The force employed in various tasks, by steam-engines in England, is estimated to be that of six hundred millions of men; and, supposing the number of laboring persons to be four millions, the power of the mass equals one hundred and fifty times what it would be without those engines. Additions from improved tools, machinery, and other sources of force in wind, water, and animal powers, are by far too large to be lost sight of. That the existence of capitalists, as the employers of labor, has practically led to that result, it is impossible to doubt. Whatever other results follow, an enormous increase in the productive powers of the English population is a patent fact, and this is all I am asserting at present.

But, secondly, when capitalists advance the wages of the whole population, an entire change takes place in the relations of the laborers and their employers, and in their position in the body-politic.

The causes, nature, and extent of this change deserve attentive consideration.

We are to speak of laboring proprietors hereafter. When the lands of a country are appropriated, and the agriculturists are dependent on the possession of portions of them for subsistence, political systems are generated, which inevitably secure the political and social subordination—we might almost say servitude—of the peasantry. Such has been the state of the Old World,

whether the State partially retained or altogether delegated its rights to the soil.

The hereditary occupiers of the East, in spite of their modified claims, are, in fact, at the mercy of the Sovereign; any severe exercise of his acknowledged rights must reduce them to poverty, and, pushed to extremes, to ejection and starvation. All the causes which attach them with passionate desperation to their plots of ground, are so many causes of habits of obedience to the supreme power, while it abstains from an extreme abuse of its position and opportunities; and we see here the main cause of that subordination of the mass of the people which makes it possible for even a foreign government to rule a distant and yet obedient people. It is so we rule in India, and may long continue to rule, provided justice and moderate forbearance are our guides; and it is thus that, by rougher and less sensitive hands, the sceptres of Asiatic monarchies are retained.

When the State has parted with the land, and has interposed a class of landholders between itself and the cultivators, the necessities of these last and the influence of the landholders has usually created a dependence more nearly approaching to servitude, and forming a yet coarser and more degrading bond of cohesion between the different orders of the State. Over the broad expanse of Europe, systems prevailed even up to our time, in which, as tenants of some description, the bulk of the people were found inferior in political rights, destitute of political influence, and what there was of order, civilization, and refinement in the upper classes, resting upon their subjection. The first formation of

ranks, the absence of struggles of the many against the few, we can see that we owe to this source of subordination; and as civilization must have a birth, this state of things was, perhaps, what made that birth possible. Its prolonged retention has been an unmixed evil, and the existence of a peasantry constituting the bulk of the people in a state of political degradation—to say nothing of economical feebleness—has at last roused the Continent to a sense of the necessity of changing them for something better. The task of doing this is employing the leading nations of Europe, and disturbing and embarrassing them by its difficulty.

But, as at the commencement of the task of civilization, we ordinarily find the agricultural laborer kept in subjection by very rude ties; so we find the non-agricultural in a state of the most complete insignificance. The individual workmen are dependent on the expenditure of others; but no class is in any degree dependent on them for means (or comfort).

The owners of the revenues, who supply them with food, have no interests which the handicraftsmen can influence; their incomes, and the means of getting something for them, would remain, if the artizans vanished from the land, and some inconvenience, no loss, would be all that could ensue.

But the moment the laboring classes are transferred to the employ of capitalists, their social and political dependence on the owners of the land, and their insignificance in the presence of their employers, cease at once.

The capitalists seek a revenue from their stock which

can be realised only by the assistance of labor, and the more that stock and the expected revenues are enlarged the more regular and eager does their competition for labor become.

On this competition the revenues and position of the laborer rest. When the change is complete, competition for labor exists not only between employers of the same occupation, but of all occupations. Many circumstances obstruct, no doubt, a perfect equality in the wages of individual workmen; but, on a broad scale, nothing can prevent the whole sum paid as wages being dictated by the wants and demand of the whole body of capitalists made more pressing and eager by each successive accumulation of capital.

This competition is the workmen's real safeguard—he interferes with it, ordinarily, much to his disadvantage.

As this competition depends on the accumulation of capital, so that accumulation proceeds more rapidly, always as the mass of capital employed increases relatively to the numbers of the people. It is a delusion, indeed, to confine our calculation of the possible progress of accumulation to the resources of the capitalist alone. There is no stage of society in which rent and wages do not contribute something; there are stages in which they contribute more largely than profits to the progress of accumulations;[1] but, other things being equal, it is evident that the powers of accumulation from profits increase as the mass of auxiliary capital increases. A nation which has auxiliary capital equal to six times the mass of its wages will accumulate fresh capital faster

[1] See Lecture iii.

than one which has auxiliary capital equal to only three times the mass of its wages; and that, in spite of any difference in the rate of profit which can last while a free intercourse exists with other countries. As accumulation goes on, however, and the mass becomes greater *relatively* to the numbers of the laborers, there must be a struggle and competition in the labor market to invest *some* of the fresh capital in wages—its owners cannot escape from this necessity. No fresh machinery can be provided or managed except with the assistance of labor. This struggle, during the relative advance of auxiliary capital, is constantly supporting and bearing up the rate of wages, and, abstracting from all other causes, this progress secures the interest of the laborers, and tends to carry their wages to the highest point which the capitalist can pay, consistently with his making a reasonable profit on his capital.

It is to be remembered, however, that this is only true where the mass of capital is increasing faster than the population.

If the capital increases only as fast as the population, or slower than the population, other results follow. It will be convenient to leave these results till we have dealt with the somewhat complicated causes which determine the movements of the population itself, when affected by variations in the rate of wages.

I have, perhaps, said enough on the first object aimed at in these lectures. I meant to sketch an outline of the sources of wages, and of the relations which the prevalence of each source establishes between laborers and the other classes of society;—an outline which,

reserving many details, would enable us to see the different manner in which the causes which determine the progress of population act upon each of these groups of laborers. You have not forgotten, I hope, the broad proposition that the rate of wages must always depend upon the *numbers* of the laborers, compared with the amount of the funds devoted to their support.

Before we proceed to the causes which govern fluctuations in their numbers, let us very briefly recapitulate our progress.

We have seen, then, that Providence, in fixing the productive powers of the earth we inhabit, has provided the means, first, of the subsistence of the laboring cultivators; and, secondly, from the surplus produce of their cultivation, of the existence of classes essential, in the aggregate, to the formation of bodies of men in social and political union,—artizans, artists, and men who gain their bread by other means than that of manual labor.

We have seen that, on the use of these two funds, nations may be formed and advance on the road to civilization, without the existence of any class devoting the accumulated results of past labors to the advance of the wages of the laboring classes.

Such a class appears at last in some communities, and the guidance, more or less complete, of the industry of nations passes to them.

With this change, all the ties, which before secured the cohesion of the different parts of society, and their subordination to each other, change too.

The landowners no longer command the fate and sub-

sistence of the agricultural laborers, always in such circumstances the great bulk of the population.

The artizans, before insulated, insignificant, and uninfluential, become at once a body, by whom the revenues of the owners of non-agricultural stock must be produced; and the capitalists and workmen, now mutually dependent on each other, form practically, in their new combination, a fresh element, on which the wealth, strength, and political combination of societies become dependent.

LECTURE VII.

OF THE PRINCIPLES OF POPULATION.

THE lectures which precede this will have introduced to us some of the physical conditions on which the human race rests its power of progress.

The rate of progress astonishes us most, perhaps, by its slowness. Four thousand years have passed away since we can, in some degree, trace the internal movements of nations; and the most active agents of mighty change have hardly appeared on the great stage of the earth's surface, and began their task of enlarging and carrying man's power over the world. In some spots, however, we do see the masses of the population disengaged from a direct dependence on the owners of land, or on the revenues of those owners. We observe the mass of manual laborers connected with a body of capitalists, and forming with them new and jointly more independent elements in the social constitution; and the wealth and the agencies which, by forethought, abstinence, and knowledge, have been introduced among them, beginning to mine the strength of nations and their happiness.

In the long and varied career of nations many causes

appear to modify and direct their constitution and their progress,—some arising out of their peculiar circumstances, some innate in the nature of man and the earth. Of these last, the influence is never exhausted, and tracks human societies in their course from infancy to their culminating point.

Of these enduring attendants, the fluctuations in the numbers of the people, consequent on the circumstances of each, and on changes in those circumstances, are the most constant, the most dominant, and therefore the most important. This brings us to the subject of population. I have separated the groups of manual laborers, principally with a view to observe more accurately the distinct action of the principles of population upon each, and the manner and direction in which those principles rule fluctuations in the numbers of each group. I shall enter into the subject of population with a distinct view to this object, and this will, to a convenient extent, limit here our treatment of the subject. In all its phases and bearings, it would be too indefinitely great for our present time and opportunities.

There are one or two broad facts, which are at the bottom of all the problems which the subject of population presents. Let us view these distinctly.

First. The mere animal powers of increase of human communities is quite sufficient to bring them in no very long period of the life of nations to the limits of the food they could procure to sustain life.

In other words, if all nations *multiplied their* numbers as fast as we can observe some multiplying them, the earth would long since have been so thronged, that

its limited surface could no longer produce even bare food for any increased number.

If man were an irrational animal, communities would be unconsciously always multiplying their numbers till food failed them; that is, nations would always multiply as much as their means of *subsistence* permitted.

But then, in the course of this inquiry, we must never forget that man is not an irrational creature; but that societies of men have qualifications, powers, and tastes which divide them broadly from the brutes, and in no particular more widely than in the control which they exercise over the increase of their own numbers.

The two elements of human nature which come most prominently into action on this point are — first and primarily, the knowledge and foresight which can discern coming evil and privation, if families increase too rapidly; and secondly, tastes and wants—sometimes few, sometimes very numerous — which require something beyond mere necessaries to satisfy them. The multiplication of these, with the progress of wealth and refinement, multiplies the number of privations with which foresight threatens the imprudent.

These tastes and wants which require something beyond mere necessaries to satisfy them, we will call *secondary* wants. Those wants, the satisfaction of which is necessary to a healthy existence, we will call *primary* wants.

Foresight acts upon the conduct of nations, sometimes by showing in prospect the danger of not being able to satisfy the one class, sometimes the other class, sometimes both classes, of these wants.

But manual laborers constitute the mass of all nations; and, as the secondary wants of these laborers multiply, foresight extends its influence more powerfully and stringently to larger proportions of the community, till at last the whole may be included.

This influence of the progress of secondary wants, and the nature and foundations of its power in restraining the progress of numbers are important enough to justify us in dwelling upon and illustrating them more fully.

Let us observe, then, the practical working of that influence, first among different ranks in the same nation. We shall then be prepared to compare its working among the same ranks in different nations when they come before us.

First, then, among different ranks in the same nation. If we observe the age of marriage and the frequency of marriages among the different classes of people around us, we shall see—at first, perhaps, with surprise—that the classes which have apparently the least means, marry both the earliest and the most constantly. So far from the individuals or classes who have the most complete command of food having any tendency to increase their families rapidly up to the point when food will begin to fail them, their dread of imprudence begins very far before their needs approach any such limit, and we shall see that secondary wants are, in fact, the most influential, in proportion as those who indulge them are elevated far above such need.

The poorest class in England are, unless under extraordinary circumstances, the agricultural laborers. Among these, almost as soon as a youth can do a full day's

work, he marries; a reasonable probability of employment as a day-laborer, and the worst paid day-laborer in the kingdom, is quite sufficient provision for him to settle upon. Even this class, however—if the wages they hope to obtain could not, besides food, command shelter and clothing on the usual scale—would put some restraint on themselves. Though they have no great deal to lose by imprudence, still even their foresight would control the mere *animal* tendency to increase.

But look a little above them to the small dealers or retail tradesmen and those on a like level. They are much less ready to marry on the prospect of mere food and a bare subsistence. They have other tastes and wants, the means of gratifying which are essential to their contentment and happiness; such as the better furnished dwelling, the somewhat costlier wardrobe, the more generous diet, the means of enabling themselves and their families to associate with persons at least as far removed as themselves from the lowest level.

Advance a step or two in the ranks of society, and the effect of multiplied tastes and wants, in retarding the period of marriages and diminishing their number, becomes yet more striking. The professions, for instance, provide men with tastes more multiplied, and of a more commanding degree of influence. The conditions on which this class can enjoy, we might almost say, endure life, are of a loftier kind. The society of educated men; contact with associates of minds and tastes removed from the level of the mass, while that level remains as low as it has hitherto been; a style and habits of living, including a variety of wants and demanding no inconsiderable

means, which are to be secured to their families, so that the children of neither sex may be forced down into a position beneath the prospects of such enjoyments; all these become habitually and almost unconsciously mixed up with their plans of life, so that a considerable postponement of the age of marriage becomes a natural and, taking any fair average number, an inevitable result. Clergymen, barristers, physicians, as bodies, are certainly never found marrying at ages which produce families limited only by the means of subsistence, meaning by that, food and bare necessaries.

If we go even a few steps higher, the results of this part of the constitution of human nature only become more evident. How many members of noble or distinguished families, though having means which would provide subsistence for regiments of children, refuse themselves to marriage because they cannot ensure a certain prominent position and social distinctions for their families!

I have said, perhaps, enough on this point to make intelligible a distinction which we must bear very steadily in mind, in order to escape illusions which have infested the popular literature on the subject. All the means that any rank of the community require to satisfy the wants and tastes, the satisfaction of which they believe essential to their respectability or comfort, may be called their means of *maintenance*. The means which they require to support a bare healthy existence, may be called their means of *subsistence*.

The means of *maintenance*, therefore, will always include the means of *subsistence*. But the means of *sub-*

sistence may be very far, indeed, from including the means of *maintenance.*

Again, the means of the *subsistence* of families are limited and stationary in amount, or very nearly so; while the means of *maintenance* may vary, and become enlarged indefinitely, with the different tastes and habits, and means of different nations, or of different ranks in the same nation.

Bearing this distinction in view, we shall be prepared to grapple with one great vital error, which has gained a very wide assent.

Nothing is more common than the assumption that the human race has a constant tendency to increase up to the means of subsistence, and this when subsistence is obviously meant to include only food, and when the assertion really is, that the human race has a constant *tendency* to increase up to, and, indeed, beyond the point at which the earth can produce food and subsistence for its numbers.

This assumption has given prevalence, we know, to a large body of practical doctrine, and to very influential views as to the moral government of the universe.

But, before we dispose of these, we must come to some understanding as to the meaning of this word *tendency.*

No doubt the sexual impulse creates a constant tendency in the human race to increase till they approach the limit at which the earth could support its population; and, supposing that limit attained, would not cease to act, but would keep impelling them to increase beyond it.

But, before we contemplate mankind starting on such

a career, we must recollect that a tendency imparted by one part of human nature may be by no means the tendency imparted by the whole of human nature, with all its impulses; but may be modified, balanced, or overbalanced, by the aggregate impulses which act in an opposite direction. And here we must remark, that the sexual impulse continues, at most, stationary. I say at most, for there are not wanting facts and arguments to show that it diminishes as the minds and imaginations of men are directed to other objects; let us, however, take it as stationary.

But the impulses which lead to its control are not stationary,—they go on increasing in number and joint power as the objects of men's desires increase—as the mass of what may be called their secondary wants increases.

The man who has little to lose by prudence has little to gain by self-control. When so circumstanced, love will be pretty sure to prevail, and he will marry; but if an establishment, with all that is necessary to supply its wants and enjoyments, is in his eye,—if, added to this, there are social pleasures and social rank which he aims at, then, the mere animal impulse remaining the same, there will be a multiplication, in an opposite scale, of motives to prudence and restraint, increasing with every addition the weight and power which are opposed to that animal impulse, and necessarily lessening, at each step, what would be its unopposed control over human action.

We may remark that, in the progress of society, such motives to restraint almost imperceptibly accumulate and produce an effect on the habits of nations of which they

are hardly conscious, but which are not the less constant and unfailing.

It is not a deliberate course of investigation and reasoning which prevents the young people of both sexes of the higher and middle orders from marrying under circumstances which would bring them and their children *to the limits of subsistence;* but the ideas and associations, the opinions and the tastes, which form the social atmosphere in which they breathe and live, make the imprudence which would produce such results a thing altogether removed from their thoughts; and the progress of the numbers of their class is effectually and constantly controlled by this moral product of civilization and refinement.

If you have followed me so far, you will see that we have before us three distinct and equally important objects of inquiry.

First. Can like influences extend in practice to the mass of the people,—that is, to those who live on the wages of labor?

Secondly. In the progress of nations, what have been or are the circumstances,—on the one hand favorable; on the other, unfavorable,—to the establishment of a control over the increase of population, from an elevation of the habits of the laboring classes?

Thirdly. To what *extent* can the check to population from the progress of refinement be produced and sustained? Can it only exist in sufficient power to moderate the rate of increase? or can it stop it altogether, or even cause a diminution of numbers?

The first two of these questions may be answered dis-

tinctly and definitely. We shall probably only be able to reach an approximation to the solution of the third. Let us begin, then, with the first.

Can elevation of habits proceed to an extent which will control the tendency of a people to increase their numbers, they having the means to do so.

The wages of manual laborers are the same thing as the income or means of the great mass of the population; and variations in the wages of labor are to them the same thing as variations in their means of maintenance, provided they are in or can be brought to a condition to consume anything beyond the necessaries essential to subsistence.

If, indeed, a population of laborers is on the minimum of subsistence, if their means are barely sufficient to support healthy life,—then every *diminution* of their means must act in one direction, it must increase mortality, lessen their numbers, and make an increase of the population impossible.

But, excepting in this extreme case, then it will be clear, on a little reflection, that every fluctuation in the means of the laboring classes may act upon the rate of increase in either of two different and opposite directions.

That is, every increase of means or wages may accelerate the rate of increase of the population, or may retard it; and every decrease of means or wages may also either accelerate the rate of increase, or may retard it.

As I find that these propositions have, to some persons, something of a paradoxical complexion, I beg your especial attention to them: that complexion will soon vanish, and you will probably see that a distinct and

steady perception of their truth will facilitate exceedingly our further progress.

Let us begin, first, with an increase of means or wages. It is obvious that the increase *may* be applied to raise the scale of maintenance of the laboring classes, to satisfy new wants, to elevate and refine their consumption, and bring them one step, at least, nearer to the habits of the class immediately above them.

When those habits, and that scale of maintenance, are confirmed, the motives to control their animal passions will have multiplied and acquired more weight. The age of marriage in their class will be deferred, and there will be fewer marriages; there will be less danger of their being reduced to the level of beings barely existing and pressing on the means of subsistence.

But as an increase of the means of the laboring classes *may* produce a change and elevation of habits, so an increase of means to precisely the same amount may *not* produce any change of habits or character. Communities not increasing their numbers at the maximum rate possible, *may*, obviously, so use any increased command over primary necessaries as to approach nearer to that maximum rate. That is, their increased means put it in their power to increase their numbers without changing their habits in other respects. This truth is too obvious to need enlarging on, and, in fact, takes possession, ordinarily too exclusively, of the minds and attention of writers and the public.

THE CIRCUMSTANCES WHICH DETERMINE WHAT SHALL BE THE EFFECT OF A RISE IN WAGES ON THE PROGRESS OF NUMBERS.

If, then, fluctuations in the rate of wages may, under different circumstances, produce different, and, indeed, opposite effects, the importance of ascertaining what circumstances determine the effect to be produced, is clear enough.

We will, in the first instance, then, examine the circumstances which determine what shall be the results of a *rise* in the wages of labor. While executing this task we shall come in view of propositions from which most of the circumstances which determine the results of a fall will show themselves as corollaries.

Admitting that, on a rise of wages, movements of the population are possible in more than one direction, we can hardly expect, however, to master all the minute circumstances which concur in determining what that direction shall be. We must be content if we can sketch out those which are the most influential and the most constant in their action. Special allowances will always require to be made in practice for partial or temporary peculiarities.

We will begin with enumerating nine such influential circumstances:—

1. *The form in which wages are received.*

2. *The time which elapses between the commencement and the completion of a change in the rate of wages.*

3. *The dearness or cheapness, or what amounts to nearly the same thing, the easy or difficult access to comforts and decencies.*

4. *The existence or non-existence of many classes approximating to, but not confounded with, each other, and all intermediate between the highest and lowest ranks of society.*

5. *The absence, or presence, amongst every class of the people of civil liberty and the power of freely bettering their condition.*

6. *The existence or absence of property belonging to the laborers themselves.*

7. *The amount of influence exercised by parents over their grown-up children.*

8. *Facilities of investing small savings.*

9. *The extent and nature of the education of the laboring classes.*

1. THE INFLUENCE EXERCISED BY THE *FORM* IN WHICH WAGES ARE RECEIVED IN DETERMINING THE PROGRESS OF POPULATION DURING A RISE OF WAGES.

If one laboring family receive an accession of income in the shape of raw produce, and another in the shape of money, it seems obvious that the receiver of the money is more likely to add to his list of comforts than the receiver of food. It is the most natural and easy course for this last to increase his consumption of primary necessaries. He has received a direct addition to his means of subsistence. The receiver of money has in his hands what may as easily be used to enlarge his scale of maintenance.

Shillings may readily be exchanged for tobacco, tea, sugar, clothes, furniture. Measures of wheat and rye may readily be eaten and consumed, but by no means so readily exchanged for luxuries or comforts.

This fact is plain enough if we confine our view to a few families; it only wants a little deliberate attention to see to what an enormous extent the same facts affect the progress of the habits of whole nations, and, indeed, of the human race.

Taking the broad surface of the earth, the receipt of the revenues of the laboring classes in money is very rare; nine-tenths of them consist, as we have seen, of peasant occupiers of land. They consume a portion of the produce of their toil, and if the portion they obtain is enlarged, an increased consumption of such produce is the ordinary consequence, and the increase of population is accelerated.

Over a comparatively small portion of the earth only an increase comes in a form which makes a change in the habits of the people more easy and more probable.

We must remember, however, that among the nations where the body of the people receive their wages in the shape of raw produce, some not unimportant differences may be observed.

In some of them, the peasantry will be seen to have great facilities for turning their raw produce, or a part of it, into money if they choose. In others, and these last constitute, unluckily, the majority, they find it difficult, if not morally impossible, to do so. The difficulty which exists over a great part of the globe in exchanging raw produce for money is a remarkable fact which can-

not be disputed. Its causes and consequences will meet us elsewhere. I notice it now only as a fact.

The different facilities or difficulties with which such exchanges are effected, obviously create wide differences in the power of the mass of the people to get money into their hands, and comforts and decencies which money may procure.

In all cases, however, the receivers of wages in money will have greater facilities for buying comforts and luxuries than the receivers of wages in produce; and, in most cases, facilities largely and indefinitely greater.[1]

2. TIME.

In whatever shape wages are received, if a change of habits is to follow any rise, and not merely an increase of numbers, the progress of the rise must be gradual, and sufficient time must elapse to enable the population both to acquire new tastes and wants, and the habit of considering a command of the means of gratifying them essential to comfort and respectability. A sudden increase of means will ordinarily be used only to gratify more fully tastes and wants already familiar.

The neglect of these facts has led to incautious expressions, and some to very erroneous doctrines, even in the writings of the great father of these investigations, Malthus. The changes in the incomes of the laboring classes which he had in his eyes while treating of the influence of rises of wages on population were, it so

[1] The repeal of the English corn-laws seems to have increased the facilities of the Danish peasants to dispose of their surplus produce and acquire money in a very striking manner.—*Laing's Travels.*

happened, *sudden* changes; and he generalized too rapidly from the almost instantaneous impulse which he saw given to the progress of numbers by such changes.

Some foreign writers—Sussmilch in particular—had detected the fact that, after great plagues or epidemics, or disastrous wars, the gap made in the population was very quickly filled up. It was true and obvious, that the cause was the greater means which came thus suddenly into the hands of the remaining mass of the people, expended, naturally, in the more plentiful satisfaction of wants with which they were already familiar—that is, in the use of their comparative riches as means of subsistence.

But, instead of being effected in one year or in ten years, let us assume a like rise in the wages of labor to take place, slowly and gradually, in the course of a century. Is it certain, or even probable, that like results would follow? There would be a chance, at least, that the knowledge of fresh comforts would slowly expand; that the idea of a sufficient maintenance would include, by degrees, more and more objects; and that the end of the term might find the laborers in the same position as the classes immediately above them were a century before. We have already dwelt sufficiently on the manner in which such a change in position and habits would strengthen the influence of foresight, and cherish prudence and self-control among the people.

To understand better, however, the probability or improbability of such a change being produced, we must, as I before proposed, consider the effects of the form of wages, and the time consumed in changes, jointly as well as separately.

There can be no doubt that, where wages are received in the shape of raw produce, that circumstance modifies very considerably any effects which the slow progress of change might produce, if the form of money prevailed. An increase of wages paid in produce requires a very peculiar position of the community to lead to any other result than a more rapid increase of numbers. If the people do not receive their income in the form of money, they must almost invariably be able to turn it into money before it can cause different habits, or sustain a different system of consumption.

But, an increase of produce-wages, is not necessarily, nor easily, nor therefore frequently, accompanied by a corresponding increase in markets, or means of disposing of raw produce, and acquiring other commodities, a taste for which might change the habits and character of the population. The slowness of the advance which, under more favorable circumstances, might have had great influence in effecting a change and elevation of habits, loses its power by the unfavorable (unfavorable for this purpose, at least) *form* in which wages are received.

To feel the wide importance of these facts, it is only necessary to remember that nine-tenths of the laboring population of the globe receive their wages in the shape of raw produce and primary necessaries.

3. THE INFLUENCE OF THE DEARNESS OR CHEAPNESS OF, AND OF THE EASY OR DIFFICULT ACCESS TO, COMMODITIES SUBSERVIENT TO HABITS OF CONSUMPTION ABOVE THOSE WHICH RELATE TO MERE SUBSISTENCE.

To create new habits of consumption among a population put in possession of increasing means, three things must concur.

First. The people must acquire a knowledge of, and a familiarity with, a new list of commodities suited to their tastes.

Secondly. They must be presented to them at such a reasonable price as to be within the reach of the successive additions to their means.

Thirdly. There must be no insuperable physical or moral obstacles, such as distances, roads, fiscal or other regulations, which throw difficulties in the way of their attaining them.

First, then, if we observe various nations of the earth, and compare them with our own, we shall find a very remarkable difference in their *knowledge* of, or familiarity with, comforts and luxuries suited to the means of the laboring classes.

In many nations of the continent, the various articles consumed or used by the people seem to have undergone little or no change since the remotest ages of classical antiquity. The plough described by Hesiod may still be seen in use in Asia Minor. In the dresses of the Dacian captives on the column of Trajan, the traveller recognizes the garb of the actual inhabitants of that province; and, over wide regions, the similarity between the utensils, dresses, and ornaments of the inhabitants, and those of their ancestors more than two thousand years ago, offers a spectacle which at once interests and surprises the modern scholar and antiquary.

Various causes contribute to establish this permanency and stagnation of habits.

The body of the population consists, ordinarily, of laboring and occupying peasants; systems of cultivation

imperfectly developed, afford long intervals of leisure. As the peasant produces his own food, so, in these intervals, he also produces most of the other primary necessaries which he consumes,—his dress, his implements, his furniture, even his buildings: for there is in his class little division of occupations. The fashions and habits of such a people do not change; they are handed down from parents to children; there is nothing to alter or disturb them.

Turn from this scene, and observe an English village, even in a remote agricultural district. Enter the country shop. You will find it filled with a varied assortment of commodities, domestic and foreign, calculated to entice the wishes of the lower classes, and inflame their tastes for some of a really multitudinous number of comforts or humble luxuries. Textile fabrics of every variety of form, texture, and color, such as their fathers and mothers knew not; specimens of metallic implements and ornaments, equally abundant and new; ceramic productions of all kinds, from earthenware to porcelain; foreign articles of food, or condiments; tea, coffee, tobacco, spices, fruit; no man, woman, or child, who has sixpence to dispose of, can fail to be tempted. The cottages become, in time, the repositories of these things, and witnesses of the changing habits and multiplying tastes of the people. These shops are, in truth, not unimportant aids in the civilization of those classes whose elevation in the social scale is morally and politically the most important. Between the contents of the English cottage and those of the rude huts of the most backward portion of the population of the globe, there

are, of course, intermediate cases, too numerous even to be sketched in detail.

Cheapness of Comforts.

But besides a familiarity with commodities suited to a somewhat refined consumption, it is essential that a laboring population, whose habits are mounting upwards, should have those commodities presented at a price so moderate as to warrant a reasonable expectation that they will tempt the laborers to a gradually increasing consumption of them.

Now, of the cheapness of such commodities the main causes will always be the transfer of the non-agricultural producer into the pay and management of capitalists, and an increase in the masses of auxiliary capital employed.

We have already seen how these circumstances augment the continuity, the skill, and the power with which labor is exerted; how they therefore augment its productiveness, and so lower the exchangeable value of the commodities produced. It is worthy of remark that the poorer classes are ordinarily those who profit the earliest and the most by this progress of the productive powers of non-agricultural labor. He would be a bold man who would venture to limit the future progress of machinery in imitating the delicacy of human manipulation; but machinery does not begin with this. Its natural progress is onwards from rather coarser tasks. A demand for commodities suited to the consumption of the mass, and such a wide market as

their demand creates, are all but essential at the commencement of the career of machinery as an aid to the productive powers of man. But, once moving onwards, the application of invention and skill to produce novelties, the division of occupations and labor, and the intervention of mighty extra human forces, produce gigantic effects: the sacrifices become from day to day more minute, which the poor have to make to surround themselves with increasing comforts and decencies; and the hope becomes more firm and reasonable that they are advancing to the position of the class or classes once above them; that so prudence and foresight will have wider and wider lists of enjoyments to point out when warning them against reducing themselves and families to a bare subsistence; that the animal impulse will thus be more and more controlled, as we see it is among their betters. Thus the influence of this fact on the progress of population will become greater, and the effects of the mere animal power of increase will be less and less a cause of perpetual fear and dread as to the necessary fate and fortunes of the laboring mass of mankind.

Causes of the Ordinary Dearness or Absence of Humble Comforts.

If we observe by far the greater part of the globe, we shall find it presenting a picture very different from that of England which we have just been sketching. The mass of the people is not familiar with those comforts and luxuries which satisfy here, in England, a long list of secondary wants. Capital, machinery, manufactures, have not yet combined to supply them cheaply. It will

be interesting and useful to trace the causes of this difference.

In the first place, then, there is little demand, in most nations, for such commodities. After securing a very bare subsistence, the people have no means of elevating and enlarging their maintenance. They are too poor. The bulk of the laboring classes are occupiers of land. The causes of their poverty are obvious,—they either occupy the land on conditions so hard that their position is miserable, or in such small portions that their minute size produces the same indigence: they have only a very minute demand for the productions of non-agricultural industry; and, without a wide domestic demand, that industry will no more flourish than a tree without roots. There is something instructive, but almost ludicrous, in the efforts made by different nations, at different times, to supply this want of a wide home market, or, in other words, of reasonable prosperity in their people, and to see them striving to become rich by manufactures in the midst of an impoverished, and too often oppressed, population. For some generations after she had ceased to export her wool, cloth was the principal manufacture of England. The French envied us, not unnaturally, and determined to rival us. There was no obstacle in doing so that they saw or comprehended. They enlisted foreign manufacturers, established them at Abbeville and elsewhere, and lavished on them money, honors, titles, exemptions from taxes (the *taille* and salt-tax, for instance), and all kinds of encouragement, and succeeded so far as to produce cloths of beautiful texture, equalling, indeed surpassing, those of England; but

they made few sales—the operation did not pay: they won, indeed, reputation as manufacturers of fine cloths, but it was a barren and burthensome reputation. England preserved her superiority in quantity of production.

Now, had the French Government, instead of all their lavish expenditure, only so far reformed the fiscal system and social economy of France, as to enable each peasant's family to consume one more cloth garment, there would have been no need of all this lavish expenditure and costly energy. French ingenuity and skill would have found, in the well-being of the mass of the population, a permanent encouragement, which would have superseded the profitless and necessarily vain efforts of the Crown.

In other articles, too, Europe exhibits the same spectacle of Governments thinking it enough to produce commodities, and overlooking the want of means among their subjects to establish markets for them, and so sustain the manufacture. The making of porcelain is a favorite occupation, and France and Germany present various regal and national establishments, in which the art is carried almost to perfection. To select one, go to Sèvres, established and maintained by the French Government. There are few sights more fascinating than its wonders and treasures. The attractive purity of the articles, the rich display and yet tasteful and sober combination of colors, the artistical beauty of the landscapes and of the figures produced, exhibit this branch of human industry as one of the fine arts, and one, too, very prodigal of its enchantments.

This is enough to command the respect, I had almost

said the affections, of the spectator. But, alas! for any useful economical results, or for any wholesome influence on the manners and habits of the mass of the population. The manufactory does not pay: no demand from without exists sufficient to support its expenditure; its treasures, when not given away, accumulate as lumber; they shed but scanty light and grace in the habitations of even the better classes of the French people: in their cottages, none at all.

Now, turn to England, and to the district called by the humble name of the Potteries. You have before you, not one, but a city, or rather region, of manufactories of earthenware and china. They receive no royal or Government support. The whole population combines to repay and support their industry. No home so humble, that does not contain some cheap but agreeable specimen of the marvels of the art; and, widely and plentifully dispersed through the land, they help, with a multitude of other decent comforts, to elevate the desires of the body of the people above the lowest level of mere animal wants, and add something to that mass of quiet and humble enjoyments, the possession of which makes the reduction of their families to a bare subsistence—to the mere possession of food and primary necessaries—a misfortune to be dreaded.

We have seen the influence of such feelings on the progress of population among the easier and higher classes; it is the same in kind among the lowest, as they move upwards in means and habits.

I will dwell here no longer on that well-being of the mass—that modest abundance—which is the essential

foundation of their consumption, of the elevation of habits which follows, and of all the consequences of that elevation.

There are other obstacles, besides the want of general ease, usually the creation of society itself, which, during such an increase of the means of the mass—such a rise of wages as would make a beneficial change possible—are too generally interposed to prevent it.

Of these, some have arisen from enmity to foreign, some from overfondling domestic, industry.

It has been, and is, the ordinary policy of governments to exclude industriously all foreign commodities which their people might be disposed to consume, and to confine them forcibly to the use of those, though worse and dearer, which they can produce themselves. The whole of the results of this policy will be best treated of when we arrive at the subject of the exchange of commodities; but we cannot turn aside now from its peculiar effects on the habits of the population, and, through those habits, on their numbers and on the rate of wages.

Germany and France exhibit the bad effects of such systems at this moment more prominently than England; Germany, perhaps, more especially. An earnest effort has been made there to better the condition of the laboring peasantry, by far the largest part of the population; and there is no doubt that their means have been increased. There is just as little doubt that, if these increased means are used merely to let loose the animal powers of increase, the population, after a few generations, will be as ill-off as ever. If, on the contrary, their bettered means are used to satisfy new wants, and

so to acquire new tastes, the population may enlarge their feelings of a decent and comfortable maintenance, and restrain, accordingly, the multiplication of their numbers, in order to secure that desired maintenance.

Cheapness is the main instrument of familiarity with humble comforts. To obtain the cheapest commodities, and to let them circulate as widely and freely as possible, is then the obvious policy of governments. But this is exactly the contrary of what the German governments are doing, and there is nothing at all peculiar to them in their feelings or their measures. Nor is there anything remarkable in the heartiness and earnestness with which their people sympathise with and second them.

The English manufactured articles are, on the whole, the cheapest in the world. To exclude them from the consumption of the German people is there accounted patriotism; to advocate permission for the introduction of them, a sort of treason to the country; and talkers and would-be reasoners let their passions get inflamed, till they are all but frenzied on the subject.

We must not be too contemptuous: we have passed through the same delusions, which, perhaps, have some places of refuge among us still. Referring you to the Fourth Book of Adam Smith, for the more general economical results of such a system, I only remark to you now that the immediate effect is to banish from the cottages of Germany the commodities most likely to elevate the habits and multiply the enjoyments of the laboring mass.

A second result, less immediate, but not at all less sure, is to dwarf that home demand for coarse manufactures, which a familiarity with them would almost

inevitably have created, and so to stifle or narrow that wide market for the products of non-agricultural occupations which would inevitably spring up, and as inevitably be gradually supplied by domestic industry, if its growth had only fair play.

So far, the driving away of comforts and commodities, subservient to the wants of the people, proceeded from a desire to exclude articles produced abroad. The over-fondling and over-nursing the home producers of such commodities has had a very similar effect.

In the progress of European industry, there was a period when everything which could be exported was deemed to deserve and require some special government assistance. In rude ages, the producers of different countries were little known to each other. If a bale of goods—of cloth, for instance—was offered in a distant land, little confidence could, perhaps, be expected to be placed, by foreigners, in the representations by the sellers of the texture, size, or quality of the commodity. A public certificate, warranting these, would have something of the same effect as the stamp on money has in certifying the value and weight of the coin.

Hence, on English cloth, for instance, marks and seals affixed by public officers served as certificates of this description. So far, at a certain period, all was well; and foreign trade received, perhaps, some assistance from the practice. But, not satisfied with interfering for such a purpose, the habit of interference, once introduced, was extended to all the details of home productions. France, it must, perhaps, be admitted, was at first only an imitator of England in these matters. The general success

of the English trade inspired an emulation which was guided by very imperfect and erroneous views of the causes of that success, and the interference of the government was counted on as an aid very far beyond its worth. However, once introduced, the appetite for meddling appears, in France, to have been quite unappeasable. The three folios of Savary's Dictionary of Commerce give an amusing account of many of the details of the whole system; but those who have any curiosity to see it in its full growth, and all its efforts and contrivances, may consult four thick quarto volumes, published at Paris in 1730, and containing "A collection of general and special regulations concerning the manufactures and fabrics of the kingdom." Colbert alone, somewhat unjustly, was considered to embody, in his own person, the whole soul of this regulating system, which the Italians called, after his name, Colbertism. It was fiercely attacked by the nascent political economy of Europe; but our business is not now with all its results. There is one which bears directly on our present subject. In a country which has no domestic manufactures, the first step, certainly, towards familiarizing the people with them is to admit the best and cheapest that can be procured from abroad. The next, as certainly, is to remove all obstacles which obstruct the production of commodities at home suited to the new and growing wants of the people. In our age, the cry of the poor tormented French manufacturers, "Pray, let us alone!" is, perhaps, applicable to both foreign and domestic trade. It is singularly and emphatically so to the last. The tastes of their neighbours and domestic customers, the articles

suited to their means and wants, force themselves on the manufacturers of a country; and to oblige them to neglect these, while they are listening to the behests of the government as to all the minutest details of their productions and all their plans of business is, in fact, to paralyse the home demand, and to make as remote as it can be made that bountiful provision for the increasing wants of the bulk of the population, which we have seen is at once the object and the support of the manufacturing industry of England.

Other obstacles to the spread of Comforts.

In some countries—in the young giant, America, for instance—the physical conditions of the people, and of the country which they inhabit, present serious obstacles to the establishment of a familiarity with multiplied comforts. Markets are distant; exchanges are rare. In such countries, if the plenty of the laboring classes comes to them in the shape of raw produce, the chances are many that the ease of their circumstances will lead to a rapid increase of their numbers, and not to an accumulation of their demands for commodities subservient to secondary wants. It is well, perhaps, that it should be so; it is well that mighty unoccupied regions should teem rapidly with human beings, yet even they have a future, more or less remote, during their progress to which it is most important that they should acquire habits which, when they have filled their vast homes, will find them, not living on a bare animal subsistence, and multiplying like animals, but with minds elevated,

and habits which control the further progress of their numbers, and place them in a position their best wishers may look forward to without apprehension.

For my own part, I think well of the future of America. The strong religious and intellectual turn of the body of the population, if mixed at present with some of the coarseness and inexperience of a young people, will, in time, soften and elevate the nation and re-act wholesomely on its habits; but a word more on this point hereafter. We have reserved, it will be remembered, societies of laboring proprietors for future discussion.

We have seen that the familiarity of the people with comforts and decencies, depends, first and mainly, on the well-being of the mass of the population; and that the depressed state of the population throughout the greater part of the Old World is the long-enduring obstacle to the progress of such habits. This applies to our own empire: it is not true of England itself, but it is unfortunately too true of India; and the great body of the people there will long require the fostering care of a paternal government before their increased means, and a corresponding change of habits, can start and speed them on a career of social elevation.

The extreme depression of the people once removed, and wages rising, all that can cause familiarity with humble comforts must combine, if the use of them is to spread: an absence of the foolish jealousy which would exclude the best and cheapest, because foreign, from the knowledge of the people; a careful abstinence from any legislation which impedes the adaptation of the products of home industry to the growing wants of the home

population; an unceasing effort to level all physical and moral obstacles, which prevent a free progress upwards.

4. NUMBERS OF INTERMEDIATE CLASSES.

We have arrived in sight of another cause which powerfully affects the progress of change and elevation in the habits of the mass of the people, when they have the means of such change in their possession—that is, when their wages rise.

Among the most striking differences which distinguish the social framework of English society from that of other nations is the relative abundance in this country of the numbers of classes which exist between the highest and the lowest ranks; *intermediate* classes is, perhaps, the best name for them—*middle* classes they are usually called, but the phrase exhibits very imperfectly the fact I am pointing at and am going to dwell on. The numbers and well-being of these intermediate classes depend very much, as we have seen, on the augmentation of the mass of the national capital, and on the sub-division of its functions.

Where the people are employed as peasant laborers, these intermediate classes are few; in some instances, where the nation exports much of its surplus raw produce, as in the case of Poland, they almost disappear. Travellers report that they find hardly any Polish ranks except the peasants and landowners. Domestic exchanges are few; petty dealers, for the most part Jews, conduct them. The produce which remains after the peasants and landholders are fed is mostly exported, and the

returns are made in luxuries imported from abroad, and consumed all but exclusively by the higher orders.

In such a country a wide and practically an impassable gulf separates the habits of the higher classes from those of the lower. The Polish peasant sees no habits between his own and those of his masters, and the habits of these are as much out of the peasant's approach as those of a superior race of beings. Let an increase of means, a rise of wages, take place among this population, and there is no humble luxury, nothing contributory to small decencies and comforts which the peasant has been in the habit of observing in the hands of a class immediately above him, and only a little above him; nothing he has envied, hoped for, and seen, only just out of his reach.

In England, a very different scene presents itself: besides the lowest laboring class, the country swarms with others, some touching the lower, and the rest rising upwards by minute and scarcely separated gradations to the highest,—small itinerant dealers, shopkeepers, farmers, producers of every kind of non-agricultural product, from the country carpenter and handicraftsmen of varied descriptions, to the mighty manufacturer and the princely merchant, and a throng of professional men, mixed up with all these, administering to the needs, real or fanciful, of the population: these all form a long chain, connected throughout its length by indefinitely small links, and conveying by a sure and gradual, but not very slow communication, some of the feelings and habits of the highest, successively downwards, to the very lowest ranks.

Observe, in some ducal mansion, the furniture of the rooms, the dress of the family. Be sure, that whatever there may be of elegant, commodious, or becoming, there, will be found, in a season or two, imitated pretty closely by all the less elevated members of the higher ranks; the middle classes will not be slow to put themselves in possession of the novelties, or something like them; and the classes below, but in contact with, the middle, will receive the general impulse, and transmit it still downwards.

The dress which is that of the duchess to-day, in less than ten years will be found reflected in that of her housemaids, having adorned, in its downward progress, the families of merchant and squire, and clergyman, doctor, and tradesman.

Evidences of the rapid change will be found in every cottage of this country, and heard from the lips of every old recounter of what he remembers of the state of all the ranks of society when he was young.

It is otherwise, no doubt, in countries where there is no such chain of ranks. The implements, the dress, the furniture of the lowest class, retain a sameness we have already spoken of, and exhibit no change in a thousand years, to say nothing of a hundred, or ten.

Now, in the more advanced country, what temptations does this existence of intermediate classes hold out to changes of habits; and when a rise of wages takes place, and his means are increased, the laborer has seen in the house of his neighbor, the higgler, the blacksmith, or the small shopkeeper, articles of dress more becoming, of furniture more commodious, than his own, yet not so

much so but that they are all but within his reach; increase his means slightly, and they become quite so. Carry your observations upwards, and you will observe each class, in its turn, making the same advance.

But the influence of this fact on the habits of the laboring classes, during an advance of wages, becomes necessarily greater as the comforts and decencies extend in what may be called the upper divisions of his own class. Abroad, you can observe but rarely any great distinction between the habits of different divisions of the laboring class: here, the links which connect the higher with the lower class of even manual laborers are very numerous. Passing from the agricultural day-laborer to the workmen in villages and towns, and then to the scenes of manufacturing industry, — the manual laborers highly skilled, or even moderately skilled, are employed in multiplied occupations, all of which ensure scales of wages which exceed those of the farm-laborer. These together constitute a body double in size that of the agricultural laborers, and exercise considerable influence on their hopes and habits; and this quite independently of the numerous ranks of persons altogether above the stage of laborers.

A singular instance was related to me in our own hall not many years ago, of the results of a thriving people, having no higher class in their sight, whose habits and enjoyments they might imitate as their means increased. Mr. A. Clendinning was a receiver of several large Irish rentals. Among the estates he had to manage, one, at least, was in a very remote part of the west of Ireland. There was a portion of its wild population

which he was able to put in the way of acquiring means which the average mass of the cottier population did not possess. A tract of tolerable mountain pasture existed just behind the cabins of these people, and its remoteness and limited extent made it most convenient to attach it to their cabins and plots of potato ground. This enabled them to keep cattle, especially cows, in some plenty, and so placed them in possession of means much above those of their class. Mr. Clendinning, after several years' observation, was surprised, and, as it appeared to me, somewhat vexed, at the stagnation and unchanged complexion of their habits. Their consumption was exactly the same in kind as that of their poorer neighbours; no marked improvement in their cabins, no change in their food, dress, or plenishing: they enjoyed their abundance, but progress upward in the scale of society they made none; their wants were not enlarged or varied; they had not advanced in that path which leads men at last to a position at which they perceive that many objects, much endeared to them, are to be lost by imprudence, and can only be secured by adopting habits which would prevent their being run down like their neighbours to the bare level of subsistence.

The bearing of this story on the subject we are engaged on is very direct. Had there existed in the neighbourhood of these thriving cottiers a resident landlord, a village, and a few handicraft tradesmen, the habits of these would have enticed their neighbours to imitation, and some of the results would have followed which we have traced to the existence of numerous intermediate classes in England.

The cause of the great increase of the relative numbers of these intermediate classes in England is obvious; it is a great increase of productive power and national means to be traced, as is always the case, to an increased relative amount of *auxiliary capital;* how that increases the productive powers and the means of a people, we have already shown. It is not difficult to see how it also leads to that multiplication of intermediate classes which we have been speaking of. As it is introduced into a greater number of occupations, a greater number of people share in its profits. I have before explained that the introduction of fresh masses can only take place on condition of such an increase of the productive powers of labor as will supply those profits. I have also shown you that the increase of productive power will ordinarily be in excess of what is necessary for that purpose, and that the greater cheapness of the commodities produced is all but the invariable result. The introduction of more auxiliary capital, relatively to the numbers of the people, therefore increases first the means and wealth of the nation, and then multiplies indefinitely the mass of persons who use portions of that capital, and whose position and habits of consumption, coming in near contact with the eyes of the mere laborers, inspires the last with that knowledge of, and desire for, decencies and comforts almost within their reach, which induces them readily, indeed almost eagerly, to apply any increase of means, that is, higher wages, to the acquisition of these new objects of consumption.

5. THE ABSENCE OR PRESENCE, AMONGST EVERY CLASS OF THE PEOPLE, OF CIVIL LIBERTY AND THE POWER OF BETTERING THEIR CONDITION.

Amongst the obstacles which human societies create to the elevation of the great body of the people, we meet with some of the most formidable in unjust legislation and mischievous institutions.

If the dread of lowering their condition acts in one direction, as an obstacle to a people increasing their numbers, so as to reduce themselves to a mere subsistence, the want of all hope of bettering it acts in another direction, as their means are increasing, and tends to lower their estimate of the maintenance they may reasonably aim at, and so prevents their rising in the social scale.

Political and social arrangements over a great part of the earth act powerfully in this direction.

The three great branches under which we may observe the operation of human laws and conventional habits in keeping down the position of the body of the people are—

First. Differences of race and customs founded on it.

Second. Differences of ranks perpetuated and enforced by habits.

Third. Laws which impede changes in the occupations of families.

If we look to the East, we shall first be struck by the separation of the people into several divisions by religious sanctions or the institution of castes. I have in other lectures pointed out to you that there is a high probability, at least, that this division into castes was

founded on a division of occupations, made inevitable by the physical geography of the countries in which they originated. I have shown you what modifications these original divisions underwent when the people were transferred by conquest or emigration to regions differently circumstanced; but it is not my purpose to do more here at present than to point out that castes once prevailed in Asia, India, and Egypt, that they exist extensively in India now, and that wherever they prevail they breathe, as it were, a spell upon the people and their habits which prevents change, and consequently prevents the elevation of the mass.

But interposing less vigorously than the religious sanction of castes, but in the same direction, we may observe a variety of wide-spread institutions, producing like effects. In ancient Greece a large proportion of the cultivators consisted obviously of a race ruled by stranger, though probably kindred, tribes, and occupying a social and economical position which effectually prevented their rise. Over the rest of the world we can frequently trace differences in blood and race, which have introduced themselves into social institutions, and divide the upper from the lower classes by an impassable barrier, and tend to keep the last in a hopeless state of degradation. Among these, the distinction between noble and ignoble portions of the population throughout continental Europe is not the least remarkable.[1]

The exclusive privileges of the continental nobles,

[1] The distinction *once* prevailed here, but indications of its former existence are rare, and the successive steps by which it declined, and was at last effaced, are only to be guessed at.

there can be no doubt, tended to paralyse and degrade the ignoble, or, as it is ordinarily called, the *roturier* portion of the population, through all its ranks, even to the lowest; but the class of manual laborers, in any effort to advance, were more directly and immediately met by obstacles of a different kind, apparently more limited in their action, but still exercising, for a long series of years, a very broad and mischievous influence over most of the surface of Europe.

Europe owes to the Romans, doubtless, the guilds and companies which took exclusive charge of the production of various commodities in towns and cities; but the barbarian conquerors followed up this policy with great earnestness, if not with great wisdom.

To encourage their industry, and assist in perfecting their skill, was thought good national policy; and, unluckily, the best way of encouraging them was assumed to be the letting them make bye-laws for the regulation of their own crafts.

It might have been expected that a set of selfish regulations would be made, and constant efforts to confine to the connections of the actual handicraftsmen the apprenticeships through which alone the privilege of exercising their occupations could be obtained. The nature of these corporate rights and bye-laws, and some of their results, will be found sufficiently explained by Adam Smith, in the tenth chapter of his book, which applies, however, principally to England.

The extent to which they manacled the non-agricultural industry of France is very well shown in a lively and instructive paper in the *Ephémérides du Citoyen*, a

periodical publication of the French economists, published while they were struggling for influence.

It must be recollected that, at the time this was published, twenty out of twenty-five millions of French people were maintained on or from the land, and by far the greater part of them as laboring occupiers. If their families increased beyond the numbers required for cultivation, the obvious mode of bettering their condition was to find some occupation for them in the towns; and the cruelty and injustice of repulsing them, and substantially forbidding them to labor and live, are obvious enough; but it was not very safe then, in France, to point out that either the laws or the Government were the cause of the mischiefs or misery to be observed in that country. The two first and two ablest precursors of the economists, Marshal Vauban and Bois-Guilbert, fell victims to their rash, though well-meant, plain speaking on such points. The writer in the *Ephémérides* is obliged, then, to be satisfied with telling a tale of things which had happened in Cochin-China, and leaving his readers to apply the fable.[1]

Chinki, then, a Cochin-Chinese husbandman, after being ruined in his vocation by fiscal and other oppression, which is described in detail, takes his son, Naru, and his daughter, Dinka, two out of his numerous family, and travels to the capital to see if he can put them apprentices to some trade, which may snatch them from the misery which pursued them in the bosom of the

[1] See *Chinki, a Cochin-Chinese History, which may be useful to other countries. Ephémérides du Citoyen*, vols. xi. and xii. of the collected papers for 1768, and vols. i. and ii. of those for 1769. And, after all, the tract was published in London, though it is significantly stated that it may be had at Paris.

noble employment of agriculture. Two-thirds of the whole tract is occupied in the description of the insuperable difficulties which he found in all occupations, opposing and frustrating his efforts. He addressed himself first to a tailor, then in succession to a baker, a pastry-cook, and a shoemaker; and found everywhere reiterated, with a tiresome monotony, objections to receive his son, founded on his being a foreigner—that is, not a native of the capital; or, because not the son of a master, born either before his father became a master artizan, or afterwards, for there was a difference between these; or, because the limited number of each master's apprentices was complete. He became acquainted with the fact that the town swarmed with officers and juries, whose occupation was to carry out the jurisdiction and police of innumerable companies, who had power to enforce this multitude of regulations before tribunals of their own. Attending one of these, he learnt, from the cause going on, that to make a whip legally there must concur seven separate master tradesmen—that is, the *maitres-tourneurs*, *tabletiers*, *corroyeurs*, *cordiers*, *doreurs*, *peintres*, and *vernisseurs;* and that, when all their privileged labors were finished, the tradesmen who dealt in whips had assured to him alone the exclusive privilege of putting the results of their labors together and selling the whip. Having acquired a variety of learning of the same kind, poor Chinki gave up the placing of his boy in despair, and set about trying what he could do for his girl.[1] He hoped that women would experience some favor, and that he should find the employments which suited them

[1] Vols. i. and ii., 1769, p. 138.

less tormented by regulations. He was deceived. Dinka was repulsed from the milliners and embroideresses; she could not be employed in painting fans, or making ribbons or artificial flowers; the right even of selling natural flowers in the street could only be purchased at a high price. The unlucky father was about to quit the town, when an old woman, who sold pies and cakes, remarked the interesting figure of Dinka, and thought she would make a profitable assistant. Even this miserable trade, however, was subject to exclusive privileges, which the old woman promised to obtain for Dinka after a term of service. The poor father consented, and was even persuaded to let his new patroness get a footboy's place for his son Naru. Thus repulsed by laws and regulations from all respectable employments, the writer traces poor Dinka and Naru through corruption and degradation to infamous deaths.

This, no doubt, is a picture of Paris; but all the towns of France presented similar obstacles to the admission of the families of four-fifths of the people to non-agricultural employments. It was the same in other parts of the continent. In Germany, the regulations have not yet been swept away. You have probably, many of you, met with young German workmen in the character of beggars. To remove for a little while their competition with the older hands, these youths, after completing their apprenticeships, are compelled to wander for a time at a distance from the place in which they are to settle, and are endowed with the privilege of begging on their travels. Colonies of Germans carried with them, in other ages, the knowledge of handicrafts and the ruder

non-agricultural productions into the wilder countries —to the north and east—and, with many benefits, they introduced this cherished system of jealousy and exclusion among their companies and guilds. In Hungary, where artizans, till lately, and probably now, bear a mischievously small proportion to the whole population, these restrictive regulations were even caricatured. Dr. Bright, while travelling in that country, met a gipsy chief in a fantastic coat, which excited his surprise; and found, on enquiry, that it was a *chef d'œuvre*, or masterpiece, exacted from some apprentice tailor before his craft would admit him to work as a journeyman. It was too fine and extravagant for the use of any sober citizen, and so the gipsy had got it a bargain, and wore it proudly.

Taking the broad surface of Europe, then, we must count for one important cause which contributed not a little for many centuries—and still contributes something —to keep down the hopes, and so the habits, of the labouring classes, those laws and regulations which impeded the entrance of the whole agricultural class into any other occupation than their own.

I have said nearly all I mean to say here, on the fifth of the causes I enumerated as affecting the habits of the people during an increase of their means, namely, the absence or the presence, amongst every class, of civil liberty, and the power of bettering their condition.

You will remember that these are interfered with in human societies by laws, regulations, and habits, which act on a very large scale. The dark and giant systems which make religion itself both the instrument and the guardian of the unresisted degradation of the body of the

people, by a superstitious regard to caste, as in the East; the evil distinction which conquest and differences of race introduced into Greece, and have introduced elsewhere; the vital differences of rank and privileges, as between noble and ignoble, which overran Europe during the Dark and Middle Ages, and which have not yet died away; the obstacles to the progress of the people upwards, created by selfish or impolitic laws and regulations,—all produce the same effect: they discourage the self-respect, the hopes, the reasonable ambition of the bulk of the people, and enter largely into the causes which prevent that elevation of their habits which controls, in other and superior classes, the progress of population. This is the sole effect connected with our especial investigation just now. The more general economical effects of each belong to other places.

6 AND 7. THE POSSESSION OF PROPERTY BY THE LABORING CLASSES, AND THE INFLUENCE OF PARENTS OVER THEIR ADULT CHILDREN.

I take these two together, because, though the possession of property acts in more ways than one upon the habits and progress of laboring populations, it affects that progress very much through the power it almost invariably gives to parents over the prospects, actions, and comforts of their adult offspring. All descriptions of property have some effects of this kind, although different descriptions of it act in different ways, and to a different extent. All that is essentially necessary is that the parental home should exhibit decencies and comforts which the young feel they must resign if they marry without any reasonable hope of enjoying the like.

Their reluctance will bear, of course, some proportion to the extent of the sacrifices they fear. Any privation of accustomed enjoyments, any declension of respectability which can be pointed to as the consequence of imprudence, gives weight and force to the warnings and advice of the parents, and the advice of age is always on the side of prudence.

We have seen that the first steps human communities take for themselves are the appropriation of the soil, and the conditions imposed on its cultivators. The necessity for cultivation, and, therefore, the existence of a race of cultivators, come from the Providence which framed the earth and man. The determination of their position and relative rights is a task which devolves on the communities themselves. Thus, first steps taken are ordinarily faulty, and the faultiness becomes more grievously disastrous, because the consequences are ordinarily very enduring, and may, indeed, be seen afflicting the populations of a large part of the globe up to our own day.

We have already observed the surface of the Old World as it is divided amongst peasant cultivators, the hereditary occupiers of the East, the various classes of laboring tenantry in the West: and we have seen that, when once reduced to a low level, recovery is of extreme difficulty, and very rarely effected.

But, among all the disadvantages of their condition, there is one advantage of some importance to themselves —of yet more importance to those who have to rule them; they are not what the French called *Prolétaires*; they are not *property-less*. They all have property in some shape or other,—either in land or in stock; that

is, they have complete or sometimes imperfect rights to them.

The moral and political effects of this circumstance can hardly be over-rated, nor the broad distinctions it establishes between them and the paid workmen, whom we may observe elsewhere—as in England for instance—endowed with much larger revenues.

Of all kinds of property, that which consists of modified rights to the possession, or even temporary occupation, of land, is the most important in the history of nations. This you will have abundant opportunities of observing in the distant scene of your future duties and exertions in India. When the laboring classes, there or elsewhere, subsist on the produce of land which they cultivate themselves, the occupation of such land is, ordinarily, to them, as we have seen, a necessary condition of existence; and, as the attempting to deprive them of it, by direct or indirect means, drives them to despair, and makes them unmanageable, so the government which respects and cherishes their humble rights, and avoids making them nugatory by fiscal oppression, has done nearly all that is requisite to secure the steady and willing obedience of the people. Many of the most able administrators of Indian affairs, or writers on them, have vied with each other in describing the effects of the village communities of India on the feelings and habits of the people. But the main feature of these villages is the property of the people in that soil on which they depend for sustenance. Security for their possession of this bounds their views of prosperity and peace; and the government which has skill enough, and honesty and wisdom enough, to set

their minds at ease as to their rights in their allotments and produce, may rule without any fear that its sway will be disturbed by attachment to other masters, either domestic or foreign. Even the rude peasant tenantry have, under all their forms and in their varied divisions, some right to the occupation of land; and the two different prospects of succeeding to an allotment, and living like their parents, or of being thrown on a perilous world, where there is no demand for their labor, are always before the young people. These circumstances act powerfully upon the habits of the population as to marriage, so powerfully, indeed, as to, in many instances, outweigh the disadvantageous influences which too often beset such a peasant. It is difficult to describe the very moderate rate of increase of the French population to any other cause. In such countries it is often interesting to observe of what gravity and importance a marriage is to families and the community. Long courtships, observance of prescriptive services and ceremonies between the betrothed, followed after a time by marriages which are indeed gala days and draw out a host of joyous exhibitions, interwoven with the habits and customs of the people; all these show that the beginning of housekeeping, and the establishment of another family, is regarded as what it really is, an era in the lives of the adolescent population of great and serious importance.[1]

This is, indeed, a sad contrast to the precipitancy and carelessness with which the lower classes in England are often seen to marry. Once at a marriageable age, and

[1] The *Literary Gazette* had, some years ago, a series of articles on these marriage customs of the continental peasants. They were interesting and instructive.

capable of doing a day's work, there is nothing to prevent their marrying and being as well off as their parents; their plenishing amounts to nothing—a bed and the clothes they stand in are all their necessary stock. If they cannot procure a house, a lodging serves their turn; and I have known them demand that lodging in the poor-house on their very bridal night, as their legal right. Their parents have little influence over their actions, for they have little to lose by leaving the parental roof, and little to gain by remaining there. This is one consequence of the *form* in which they receive their wages. Their annual revenues, their means of consumption, are, in truth, much greater than that of their fellow-laborers on the continent of Europe, but the money-wages they receive to-night they may expend to-morrow; there is nothing in their circumstances which *forces* them into the position of owners of property. It is not their habit to occupy land, and they have none of the rights and none of the feelings which attach the continental laborers to homes established on the land, and which they fear to abandon as they fear to abandon life. Their acquisition of property must be a voluntary effort, to be purchased—if they choose to purchase it—by acts of self-denial and self-dictated privations, which they may throw off at their pleasure. Wise legislation encourages such habits, or takes care not to oppose them. Unhappily, in England, where this race of laborers living on wages received in the form of money is the most universal, a very unwise legislation has tended violently to destroy any inclination which might arise to the acquisition of property by the mass, and has greatly inflamed all such disadvantages as

the form of money-wages brings with it—but brings with it, it must still be confessed, in the midst of many *counter*-balancing (we are hardly in a position to say *over*-balancing) advantages.

8. FACILITIES OF INVESTMENT FOR THE SAVINGS OF THE LABORING CLASSES.

We have seen that auxiliary capital, as it increases its mass relatively to the numbers of the people, provides the means for more persons to enter on employments which raise them somewhat above the station of mere manual laborers, and to ascend a few of the numerous links which connect them with the highest ranks of society. Hence a constant motive to save, a kind of pressure towards saving habits. Still, the poorer classes want further the stimulus given by opportunities of investing *at once* their small savings. This is naturally their most immediate object, and stands midway between their actual saving and their ultimate use of their savings.

Over by far the greater part of the world the lowest classes cannot invest their savings profitably,—they can only bury or hoard them. The cultivating peasant certainly would often be able to invest the fruits of his economy in improving his cultivation, but he has rarely the means of saving at all, and, yet more, any certainty of enjoying the fruits of his saving, in security. He may hoard a little, but he does not invest. The economy and accumulations of the laboring classes are to be found almost entirely among those who receive money wages. When these once begin to accumulate, their numbers make their accumulations of considerable national importance, though the successive mite is but small.

It is in such cases that the greatest possible facility for easy, safe, and popular investments for the savings of the poor become a very serious object, for the sake, both of the poor themselves and of the prosperity and political quiet of the community.

In England, the savings' banks in 1850 had deposits amounting to more than twenty-seven millions; as long ago as 1830, these deposits amounted to thirteen millions and a half, and, in the interval, the drafts of depositors were, of course, perpetually withdrawing sums, a considerable portion of which found their way into active employment as capital. Friendly and benefit societies exist, of which the income is five millions, all but £20,000. Nor do these sums include nearly all the savings of the poorer classes in England. Insurance offices and private investments, principally in loans to relations and friends, absorb another large, though indefinite, mass.

So important, indeed, are the savings from wages alone in England, that, supposing the population to go on at the present rate, it is clear that by the time it next doubles, the savings of the poorer classes themselves will have provided a capital equal to the whole amount of additional wages required. This will not be enough for the requirements of the industry of the nation; for to keep that up to its present power and productiveness, an enormous mass of auxiliary capital must also have been accumulated from other sources. But the facts given are enough to show the folly of leaving out savings from wages altogether, while calculating the progress of national capital.

Important as these savings from wages are in a mere

economical point of view, they are indefinitely more important when taken in conjunction with their social and political results.

Each of these accumulators has given a pledge of his fidelity to the cause of property and order, and has given proof, too, that he has other and higher objects in his mind than the enjoyment of a bare subsistence on the level of a half-famished animal.

It will be observed that this question of investment, though distinct from questions of property generally, and of parental influence derived from property, is much connected with them. I repeat that property of every kind enables the parents to surround their children at home with comforts and respectability, which they must forfeit if they rush into the marriage state, dependent solely on their manual labor, and having propertyless homes. Now, when the laborers are occupiers of land, it is in their allotments of land, or their rights in them, and in humble stock connected with their cultivation, that the property of the lower classes is invested; and without a prospect of succeeding on some terms to such allotments and their garniture, young people cannot marry without the certainty of degradation and suffering. The influence of property, and some parental influence grounded on it, is thus forced upon them by their position, and it is a matter in which they have no choice.

The investing *money* by the poor for the purpose of securing either interest or profit belongs to a very different state of things. To effect this requires voluntary efforts; there must be abstinence and self-denial,—and these will not become prevalent, unless there exist some

facility of immediate enjoyment and perfect security of investment; nor will they prevail much unless there is a reasonable belief among the laborers that they may better their own condition, or that of their families.

Wherever money-wages prevail, therefore, if it be the object of governments to elevate the condition of the people, facilities for making such investments, and employing them, should be a sort of religious object with the legislature; and if from ignorance, blundering, or mischance, it is found overlooking the importance of habits of accumulation among the people, or creating or preserving obstacles to the extension of such habits, there can hardly be a more sorrowful example of misgovernment. We must enter on this subject more in detail, I fear, when we institute our intended comparison between the condition of the laboring classes in England and elsewhere.

9. THE EXTENT AND NATURE OF THE EDUCATION OF THE LABORING CLASSES.

It is obvious that the question of education enters largely into all views of the causes which promote foresight and self-respect among the people. It would, however, have been an arrangement full of peril to the progress of human society if the education of the masses had been an indispensable foundation for the prevalence of such habits as control the animal power of increase.

Education comes late in the progress of nations; in very few indeed has the education of the masses been effected up to our own days.

In the long ages which have elapsed since we can trace the progress of nations, if their power of increase as

animals had been controlled by nothing but the general spread of education, it would, in point of fact, not have been controlled at all, and men would have been constantly approaching the scantiest subsistence which would support life.

But by the happy and benevolent arrangements of Providence, causes are at work, during the whole course of civilization, beginning at its lowest stages, which tend, independently of education, to elevate men's standard of the maintenance they will be content with, and to raise it gradually above the level of a bare animal subsistence.

There is no stage of this progress, however, at which a sound popular education, if it could be obtained, would not strengthen all the beneficial influences at work in society. An education arranged on sound principles—necessarily imparts habits of comparative thoughtfulness and self-respect; these lead men, naturally, to aim at acquiring all that can surround them with decencies and respectability. It leads them to observe, to value, and to use all rational means for the advancement of themselves and their children. The use of that freedom of bettering their condition, which is founded on the gradual perfection of systems of civil liberty, the value and use of property, the sacredness of the ties which connect children with their parents and establish domestic subordination—all these exert an influence on the moral and social character of nations, which is enlightened and strengthened as the mental powers, and habits of thought and observation, grow stronger by training. But, practically, the education of the masses rarely begins till a very advanced stage in national progress has been reached,

and, as that stage is our own, it becomes useful to observe in how peculiar a manner, when nations once reach it, all the wholesome results of education become magnified and all but essential.

If we observe with some attention the progress of nations, we shall see that laws very like those which decide the moral responsibilities of individual men, govern, too, those of nations, and, above all, of different ranks and classes of nations.

While the laboring classes are in a rude and depressed state, their fate is much out of their own hands, and the ties which connect and bind them up with the frame of society are imposed upon them, and decide much of their conduct and fortunes without their own knowledge or consciousness. The young peasant marries when he has a fair chance of obtaining a plot of ground on which he may exist: what that chance shall be depends on the will, that is, on the interest, of the landowner.

Now, there is one broad principle which unobtrusively, but not less certainly, determines the system of conduct the landowner, be he prince or noble, will adopt.

It is advantageous to him that there should be as many laborers on his estate as will produce from it the largest surplus profit for his own use. Every living soul beyond that lessens, by his consumption, the revenue which the landowner could obtain; and the landowners are unfavorable to the drain the existence of such unprofitable laborers establishes.

Sometimes positive rules, sometimes indirect regulations, oppose the increase of the population beyond that point.

Permission to marry was for many ages legally given, or refused, by the landowners of Western Europe; and given or refused mainly with a view to this fact of the probable productive power of more labor.

The monarchs who ruled the soil of Asia were anxious to encourage cultivators and cultivation up to the point at which their labors secured revenue to the crown—beyond that they were indifferent, if not hostile.

But the laborer dependent on money wages is emancipated from these manacles, and the obligation is imposed upon him of acting for himself; he must weigh the chances of a fluctuating or regular demand for his labor; he must ascertain and calculate his own ability to avoid future want. He has no guide in society likely to lighten the task of self government to his class. His subordination to law, his respect for public and private property, must spring from his own convictions. He is emancipated from the leading-strings, very useful in more infant stages of society; he must walk independently in a path of his own, and confront many perils and difficulties by his own clearness of view and prudence. He is in a loftier position: he has with it higher responsibilities which he cannot shake off. How can we overestimate the value of a sound education to him?

THE CIRCUMSTANCES WHICH DETERMINE THE EFFECTS ON THE PROGRESS OF POPULATION OF *FALLS* IN THE WAGES OF LABOR.

We have gone through an examination of some of the principal circumstances which determine what shall be

the effects on the progress of population of any *rise* of wages.

I stated that most of the effects of a fall of wages would be seen as plain deductions from the propositions established in this preliminary enquiry.

Before I advert, however, to the effects, during a fall, of the seven last of the nine circumstances enumerated, there are some influences of the two first—form and time—which are peculiar, and require especial notice.

Either a rise or a fall of wages, we have seen, may affect the means of maintenance of the people, or their means of subsistence.

A fall in wages may lead to a diminution of comforts or decencies, or it may lead to a change in the quantity or quality of their food. I am going to speak now of a fall which acts upon the quantity or quality of food or necessaries.

It is here that the time consumed during the change exercises a peculiar influence, founded on the physical formation and constitution of man as an animal.

Sudden changes in habits destroy human health and produce immediate, or, at best, shortly postponed mortality; when gradual changes of the same kind and to the same extent produce no injurious effects whatever.

Take, first, an English workman of the higher class. He has meat at least once every day. Secondly, an English agricultural laborer: he has three meals of wheaten bread, meat seldom or never. Thirdly, an Irish cottier in his better days, when he had a sufficiency of potatoes.

Take the Englishmen down suddenly from their better

diet and put them on the potatoes. There is no question but that their health will sink at once; and that among a whole population so treated, the common ailments to which mankind are exposed would be endowed with increased destructiveness, and the rate of mortality be at once fearfully increased.

Let this change, however, be spread over a considerable space of time, and individuals will grow accustomed to it; let it only very gradually affect two or three generations, and the people will be found healthy and apparently strong. Of course we must avoid following this fact to extravagant consequences. There is a state of destitution which, after the most gradual preparation, must produce mortality and a thinning of numbers.

What I wish to impress on you is this, that, if in the same or nearly the same climate you see different populations subsisting and increasing on very different scales of diet and primary necessaries, those best off may during a *gradual* fall of wages descend to the position of those worse off without any effect on their numbers or rate of increase, while a *sudden* fall to the same extent would at once act upon the rate of mortality, and decrease their numbers or diminish their rate of increase.

But I have not yet fully stated the case. It is well known that during the time the Irish were sinking fast to their lowest condition and smallest means, they were multiplying their numbers faster than the better fed and richer population of England.

If we suppose that richer population to be started on a downward progress towards the Irish, it is obviously possible, therefore, that the richer people, the better paid

population, may be found accelerating their rate of increase in the progress of their descent.

But if you see that this is possible, then recollecting some of our former lectures, you will see that it is also probable. For it is probable that their scale of maintenance, their decencies and comforts, will diminish as they become poorer; and then, till they arrive at the limits of subsistence, as the objects which they fear to lose become fewer, they will grow more reckless. It is, indeed, a notorious fact, that the lowest and poorest of the Irish were the most reckless even amongst Irishmen in this respect.

It becomes important, while bearing these facts in mind, to remember also that the *form* in which wages are received affects potentially the liability of large masses of population to very sudden changes, both in the amount or quality of the food they consume.

While their wages come to them in the form of produce raised from themselves, there are rarely any stores to supply them, if the vicissitudes of the seasons produce a scarcity; and the tales of suffering and death from scarcity and famine in such populations are fearful. The diminution of their means comes at once, and the suddenness of the change exaggerates all its malignant influence.

For instances, we may refer to Ireland on the introduction of the potato disease; to India, in the cases of sudden failures of the crops; and to portions of Germany.

The most powerful and, indeed, appalling description of the effects of famine under such circumstances is that of Galiani, when speaking of what he had witnessed in Naples.

We have, perhaps, said enough on the peculiar influence of *Time* and *Form* in determining the results of a fall in wages.

Seven other circumstances were enumerated as the chief among those which guide the results of a rise. A reference to what has been said of their action during that process will sufficiently indicate their tendencies and influence during a fall.

Where comforts and decencies are cheap, and the use of them familiar to the people, they will be surrendered with a reluctance which may affect the number of marriages and the age of marriage.

When the laboring classes find themselves in contact with others but slightly elevated above them, they will not willingly agree to have the contact broken, and to sink suddenly below their neighbours.

Let us figure to ourselves a people with thoroughly well-educated working classes, manacled by no legal or social disadvantages, accustomed to look forward to the attainment of a station and means above their actual level, founding their notions of respectability partly on the possession of property, and accustomed to be guided by parental counsels. It requires, surely, no long or formal argument to show that, if such a people were assailed by the misfortune of a falling rate of wages, there would be a struggle to avert or stay the descent. The result would probably be a gradual diminution of the rate of increase, that is, if the people had been increasing. The ultimate result might be a reaction on the rate of the wages and their restoration to their former prosperity, provided, of course, that the productive powers of

the industry of the nation made such a restoration possible.

Take, next, the case of a nation in which the people had been blessed by none of these sustaining causes, in which the mass of the population were degraded as a social class, separated, by an apparently impassable gulf, from the ranks immediately above them, and careless of decencies and comforts.

The struggle of such a people against the misfortune of a falling rate of wages would be of a very different kind. They would have few elevating habits or opportunities to cling to or prize: till they got to the limits of subsistence, there would be little to retard their fall; they would increase, not more slowly, but faster than they did before that fall began, and till they had sunk to the lowest limits of subsistence, no diminution of their numbers would be likely to restore their rate of wages wholly or partially.

LABORING CULTIVATORS WHO ARE THE PROPRIETORS OF THE LAND THEY OCCUPY.

You will recollect, I hope, that, when speaking of the funds devoted to the maintenance of labor, I postponed speaking of the class of occupying and cultivating laboring proprietors till we had seen something of the causes which determine the progress of population. The prosperity or misery, the high or low wages of such cultivating proprietors, depend on that progress as compared with the amount of land they are able to occupy. Not wholly, of course, because some soils are more fertile than others; but whenever a family of laboring *proprie-*

tors have the possession of as much soil as they can cultivate, we may assume that they are in possession of abundant wages. It is not till their numbers increase and a sub-division of the soil takes place, consequent on that increase, that their diminishing allotments yield a diminished return to their labor, and they may be reduced while clinging to those allotments to scantier wages than those of any other class of workmen known to us.

We can observe this almost exclusively in the Old World. In the New, scarcity of land has not shown itself, nor its consequences.

In Europe, the first of these divisions of laboring proprietors—namely, that which has land enough to employ fully the labor of a family, is rare indeed. The two second, those who have less than enough to employ the labor of a family, and those who have so little as to produce a very bare subsistence, are too common.

In France, both before and since the revolution, in Germany, in parts of the Tyrol, and in Switzerland, we can observe now, and indeed during some ages of their progress, the condition of these small laboring proprietors, while multiplying their numbers and subdividing their land till properties become too small fully to employ the labor of a family.

In some cases they may be seen struggling to stay their fall at an early period of the descent. In others they submit passively to the successive subdivisions of their estates till they reach the level of a bare subsistence. Our previous investigations will, perhaps, have sufficiently indicated under what circumstances their

struggle against further descent is likely to be successful, and under what circumstances a fall to the lowest point is all but inevitable.

If the unfortunate peasants live in a country in which comforts and decencies have been common in every cottage;—if they have been surrounded by classes somewhat above them in means, yet in close approximation to them, and leading them to prize some elevation of habits not far out of their reach;—if civil liberty and equality have accustomed them to aim at a higher station, and if they have been educated so as to observe and value their opportunities, and dread degradation; we may expect that they will avoid imprudent early marriages, that the population will exhibit much of half unconscious restraint, and that forethought, and the hope of bettering their condition, will strengthen the motives to that restraint, and increase its influence on the retarded progress of numbers.

I wish I could say that these favorable influences were common among the laboring proprietors, who have not access to unlimited tracts of soil—those of Europe, for instance; but the fact is, that they are very rarely in the possession of superfluities, ease, comforts, and decencies, of means of advancement in the world, of the example of intermediate classes, and of the self-respect and aims at bettering their condition, through which these circumstances act on the progress of numbers. The causes of this state of things are, some of them, self-evident; others we shall have to explain presently, when we contrast the fortunes of the English laboring population with those of the laborers of the rest of the world.

LABORING CULTIVATING PROPRIETORS WHO HAVE ACCESS TO AN *INDEFINITE* QUANTITY OF FRESH LAND.

When such cultivators are barbarians, their progress is impeded by feuds and wars, and imperfect civil institutions, the progress and results of which it would be vain to attempt to trace. A far more interesting spectacle is to see a civilised people spreading themselves as cultivators over rich and unbounded regions. We can observe two instances—one imperfectly, and in a very remote age: one more deliberately and perfectly, for it exists before our eyes.

Leaving Cuma out of the question, it was about 735 years before Christ that the Greeks began to colonise Sicily and that southern portion of Italy which, after their marvellous progress had proceeded to a certain point, was called Magna Græcia.

In some respects their fortunes resembled those of the people of the North American States, in others they differed from them. A description of them and of their territories will be found in the third volume of Grote's *History of Greece*. In their rapid increase—in the magical rapidity with which they created immense masses of wealth—they resembled the Americans; they differed from the free states of America in their vicious social institutions. The laboring population was degraded: a portion of it was only partially free; another portion was wholly deprived of civil rights. The first portion consisted of serfs paying a tribute in produce; the second, of those slaves employed by richer individuals, in cultivation. The first class, serfs paying produce-

rents—and so far like *metayers*, but attached to the soil and not counted as citizens—was very common in Greece, and in the countries which the Grecian tribes conquered. Their existence affords, ordinarily, indication of a series of political changes which history has not recorded. Slaves, properly so called, are always to be found as an important part of the property of rich Greek citizens. That wealth was startling which was produced from the virgin soil of southern Italy by the skilled cultivators who displaced the pastoral tribes first met with there. Sybaris was only one of many towns scattered over Magna Græcia—the leading one, for a time, no doubt—yet Sybaris could muster—two hundred years after its foundation—three hundred thousand fighting men, for defence or attack; and a single rich citizen carried about with him a hundred cooks—slaves, doubtless—as part of his domestic establishment. But the wealth of a community so constituted was fugitive; the State had no resource in the patriotism or goodwill of the mass of its citizens, and one disastrous battle—with a neighbor much resembling itself, Crotona — was enough to demolish its power, and leave only its name and proverbial luxury, for the instruction of mankind. Too many disturbing causes were evidently at work here to make profitable any attempt to extract safe general views as to the probable progress of other nations, starting with skill and industry, and spreading themselves over indefinite regions of fertile soil.

We have a different scene to observe when we turn to the progress and condition of the people of the United States of America. I do not speak of the Slave States;

I have already told you that we shall devote one or more lectures to a review of populations of slaves. When free States, like the North American provinces, start on their career, what is to be wished for them is, that after an interval—which will be long or short in proportion to the size of the uncultivated territory to which they have access—their rate of increase should be so moderated as to preserve a high rate of maintenance. All the influences which we have seen at work in more limited districts may play their part here—freedom, a zest for comforts and decencies pervading all ranks, easy and cheap access to them, free and equal political and social institutions and habits, property in the mass, parental influence, and education.

All that thwarts and blights any of these is in opposition to that progress and to that final character and position of the people which, as they advance in their career, will be essential to the continuance of wealth and respectability in the mass.

The productive power of skilled labor upon rich and virgin soil ensures to the whole people a fair beginning. It ensures also a considerable surplusage of raw produce. This will be their first commercial stock, if they addict themselves to commerce. They may use it, however, in two ways: they may exchange it with nations who have made greater progress in non-agricultural production, and so ensure a cheap abundance of luxuries and comforts; or they may insist on being non-agricultural producers themselves, and divert a portion of their labor from the cultivation of the soil to create or sustain a non-agricultural industry.

This is not the time to examine the national profit or national loss, to which each of these systems leads. That question belongs to the subject of the exchange of commodities. We are now concerned with the effects of each system on the progress and habits of the population. And here I need only refer you to lectures recently delivered. Whatever increases the dearness or impedes the circulation of comforts and luxuries is an obstacle to the spread of the use of them by all ranks of the population, more especially the lowest. Such obstacles weaken, as we have seen, a people's chance that a high rate of maintenance will be sustained; and allow a freer action to that downward progress towards a bare subsistence which is constantly threatening nations during the progress of their numbers. There is no pledge, however, more decisive and influential for peace, for order, and a high moral and intellectual character among nations, than the creation of an elevated rate of maintenance extending to all classes.

You will have remembered the reasons, probably, which have induced me to divide laboring proprietors into two classes: those which exist in countries in which the supply of land is limited; and those which exist in countries in which the supply of land is practically indefinite. When the first of these classes is found pressing upon the resources of the soil, their position is ordinarily a hard and perilous one; non-cultivators have in them no resource except the expenditure of the State, and that fund is not only limited, but, from its nature, can rarely, if ever, expand with an increasing population without exhausting more and more the resources of the culti-

vators themselves. In Germany the helplessness of such a population is showing itself daily more distinctly. To what else is to be traced the emigration which is mixing so large a German element in the American population—nearly one quarter, it is said? and to what else is owing the scenes of distress we read of when crops fall short, and that discontent which has changed honest Germans into some of the rashest and most implacable Red-republicans.

In France, the same want of resources for increasing numbers is shown in a somewhat different way; the heavy mortgages which preserve the peasantry from the necessity of subdividing their small estates, reduce their revenues to a pitiable state of tenuity, and their distress forms one of the most dangerous elements among the many elements of political peril which exist in that country.

The state, then, of small proprietors among people who from rude beginnings have fought their way to imperfect civilization, ceases to be attractive or safe from the moment the subdivision of the land becomes inconveniently great. It is far different with a population of proprietors, consisting of a free and civilized people let loose to unlock the riches of indefinite regions. They have, probably, of all human societies, the best chance of a happy career. A foundation for the ease of all classes is their first possession—the earth rewards such laboring cultivators plentifully; they may constitute, while land continues plentiful, the great majority of the population, and into their hands comes the surplus produce which remains when mere subsistence has been provided for.

That surplus produce is thus wholly devoted to the satisfaction of the tastes and comforts of the bulk of the people. The exchange of that produce supports the commerce of their country, if they derive their comforts from commerce, and maintains any non-agricultural population that may arise, and may apply itself to such branches of industry as the wants of the cultivators make necessary. Such cultivators are rapidly overspreading the world; they carry with them the knowledge, the tastes, the habits, the civilization, in short, of 4,000 years. Those whose goodwill and good wishes extend to the whole human race may well rejoice in the prospect that vast and hitherto solitary regions of the earth will be peopled by nations who have not still to acquire the elements of civilization, but who, understanding the necessity of civil government and subordination, can hold together without the harsh assistance of rude forms of government, and thus escape the perilous institutions which, once imposed perhaps from necessity, have still stayed so many nations in their progress to wealth and enjoyment, and driven down their degraded populations to the level of *bare subsistence*.

But this progress ever depends much on themselves: vicious and selfish institutions—slavery, for instance—or badly constituted governments, or oppressive or unskilful fiscal systems, may mar all these fair prospects.

In their case Providence has provided abundantly the means of happiness and prosperity, and their chances are most promising; but even they cannot escape the law which makes human communities ever the framers of so much of their own fortunes; and ignorance or gross

political or social blunders have no impunity with them. If, in their progress, habits of respectability and comfort, and a high rate of maintenance fail to be established[1] and maintained, the time will come when the unchecked powers of population will trench on their resources, and they too may be found as degraded and miserable as communities which started in their career under much less favorable circumstances.

THE EFFECTS OF A RETARDED RATE OF INCREASE ON MORALS AND HAPPINESS.

We have seen the funds on which the laboring population of the globe subsist, their origin, growth, and spread. We have seen the causes which mitigate the influence of the capacity of the human race to multiply its numbers.

It need hardly be pointed out that if those mitigating causes do not come into effect, the animal power of increase must, after a time, outstrip the greatest possible increase of the funds for the support of populations, and must end in their being first reduced to a bare subsistence, and afterwards exposed to much suffering by the still unchecked appearance of numbers.

We have seen the principal restraining cause to be an advance in the scale of maintenance, and how that advanced scale acts as such restraining cause; and have passed in review, in some detail, the circumstances which arise in the progress of society favorable or unfavorable to its retarding influence.

Other questions demand our attention now. First, we

[1] Nothing is so likely to cause this as foolish fiscal systems, which make comforts and decencies dear, and so make them difficult of access to the people.

wish to acquire some acquaintance with the effect, good and bad, on the morals and happiness of nations, which attend a struggle between the animal capacity of communities to multiply their numbers, and the growing influences of the wants and habits which lead to a rate of increase short of that capacity. When we have got this we will compare the condition of England with that of other countries, as to the various circumstances of which we have been reviewing the operation during the progress of numbers; and then, leaving the social and moral part of the subject of population, we will proceed to inquire how the knowledge we have acquired throws light upon the fiscal system of nations, and determines the elements and sources of their taxation, and more particularly on what determines the different incidence under different circumstances of all taxes laid directly upon the wages of labor, or indirectly upon articles consumed by the laboring population, from which last description of taxes, pray remember the great mass of our own revenue is derived at the present moment.

We will attempt to unfold, first, the effects, good or bad, on the morals and happiness of nations which attend a struggle between the animal capacity of communities to multiply their numbers, and the growing influence of those wants and habits which establish a rate of increase short of that capacity. We may begin with the good effects. This is the most desirable order, for more than one reason. Those good effects have been very much overlooked. As a whole, they could not, indeed, entirely escape observation; but their details, and the especial influence of those details, have undergone, it

seems to me, no such analysis as is necessary to bring their action on the progress of manners, morals, and literature, and on the ordinary business of life, distinctly into sight. We must endeavor to remedy, however, partially, this defect.

It is admitted on all hands, we have seen, that *one* of the tendencies of human beings impels them constantly towards an increase of their numbers; and it is admitted, too, that if that tendency gains the mastery over all others, then communities of men must always be found after some generations, subsisting on a meagre allowance of primary necessaries, and suffering from a constant attempt to increase beyond the means of acquiring that allowance.

If this result does not follow from the animal impulse and power to increase, if nations are found in which the mass of the population is in the possession of more than primary necessaries, and not increasing their numbers at a rate which is pushing them towards that condition; then some struggle must be going on between the animal impulse to increase, and other tendencies, natural and social, which to a greater or less extent control it. Now, what are the results of that struggle on the character, habits, and happiness of individuals, and of nations?

Whenever moral causes combat a mere animal impulse, a struggle is set up between the different parts of our nature, in the course of which some of the most elevated feelings and characteristics of the earthly monarch of the creation are ordinarily generated. The first faculty which we generally see lighted up and developed when

a passion between the sexes begins, and must be restrained, is the imagination; and this once fairly in action, may be said to be the harbinger and minister of a long career of refinement and civilization. The earliest poetry consists mainly of the effusions of love in an already somewhat chastened and purified state; and as some of the earliest effusions of poetry may be traced to restrained affections between the sexes, I need hardly add that the same feelings pervade and irradiate literature during all the splendour of its maturer existence.

Imagination once at work, nations, during their progress, owe more to its pervading influence than they are always careful to note and be thankful for. It summons the absent, the distant, and the past, to the task of subjecting the lower and instinctive parts of human nature to the aid of the intellectual and higher. Men and nations, when their thoughts and actions are directed by its sway, cease at once to be mere animals, and, thenceforth, communities have a lofty and holy element at work to speed the purification and elevation of their character.

The refined and softened manners,—all the gentle and yet animating influences which give to the character of the softer sex a sway and influence over the thoughts and demeanor of their ruder partners, would be lost the moment the value of woman as the object of devotion and attachment, heightened by difficulties, were blotted out of the recollections of society, and an intercourse as unrestrained as that of the brute creation introduced.

Survey attentively the varied prospect of the busy world before and around you, and see how much of the

self-respect, of the dignified avoidance of evil fame, how much more of the uncompromising energy of all ranks would vanish, if the hope of an union—deferred, but ever present to the mind—as the pledge of future happiness, were obliterated from the prospects of life. The professional man tasks his talents and guards his reputation till a mature period of his existence, that some valued object may at last share a home in which her presence is to reward, as it incited his efforts,—a home to be filled with pledges to society, of which the inestimable value to the parents is enhanced and mainly grounded on their respect and affection for each other. The energies of inferior classes of society, all pushing forwards to an establishment—how would these be maimed if all hope and care for a home, for a family, for the possession of a loved object—not to be won without toil, good character, and prudence—were given up, and the sex, as mere objects of animal enjoyment, were abandoned freely to their unchecked desires? Society must then lose some of its most elevating and refined feelings; the inspiring light of imagination be well nigh quenched; and softened manners severed from their living source. The extent of the loss would defy the calculations of the moralist and philosopher.

Descending to what may appear more homely consequences—take away from the middle classes their notions of the comforts and decencies which should make a home sufficiently respectable to receive the future mothers of their families, and you remove the motive which makes them energetic in business, honest, prudent, trustworthy; and surely you have deprived

society of a treasure-house of aims and motives, the most valuable of all those which give life, and purpose, and exertion, and animation to the efforts of whole classes of the community. An extinguished sun and darkened creation afford the only images which can adequately represent such a state of things.

But the question at once occurs, how far can this species of restraint be carried? Can it stop the progress of population altogether? If not, is it any warrant against a slow secular increase which must at last bring down the human race to the enjoyment of a mere subsistence?

There seems no reason why abstinence, founded on plenty and on multiplied enjoyments, should not bring the progress of numbers to a stand-still. There are some of the better classes of nations who are confessedly stationary, if not retrograde in their numbers. May not all classes of a prosperous nation be found in this enjoying position? that is, possessed of decencies and comforts in sufficient abundance to form efficient motives to restraint, and a sufficient guarantee against haste or imprudence, which would lead to their forfeiture.

But we must not forget here that the positive answer to this question has no great practical interest. It is rarely desirable that prosperous populations should be stationary in their numbers. It is most desirable, no doubt, that the productive powers of the industry of a people should establish and preserve among them a high rate of maintenance; but, if the funds for maintaining the population are increasing, it is ordinarily very desirable that the numbers of the people should increase too. During the last half century the numbers of the English people have

about doubled. The funds produced for their maintenance have more than doubled; for, on the whole, the scale of their maintenance has risen, and they consume better food, use better clothing, and, with exceptional districts, have improved their habitations. Now, no good would have been gained, and some evils have arisen, if the population had been stationary. The people of America have been increasing still more rapidly, and yet, with the unpeopled world before them, who could wish them to have been stationary in their numbers. What is to be desired for, is—a high, and if possible, as improving, rate of maintenance for the population; and, this secured, an increase of the people bearing some proportion to the increase of their resources.

If a time should arrive when the numbers of the human race, or of any particular family of it, cannot be increased without lessening the rate of their maintenance, then will be the moment to be anxious that habits of prosperity and multiplied enjoyments, and consequent caution as to marriage, should bring the increase of the people to a stand-still. I see no grounds for wishing such a stationary state to be common amongst civilized nations of great producing powers.

AN

INTRODUCTORY LECTURE

ON

POLITICAL ECONOMY,

DELIVERED AT

KING'S COLLEGE, LONDON,

FEBRUARY 27, 1833.

AN

INTRODUCTORY LECTURE

ON

POLITICAL ECONOMY.

Mr. Principal and Gentlemen,

As the beginning of my duties here, I have to lay before you some views of the objects, methods, and uses belonging to the branch of human knowledge intrusted to my care. I shall, probably, in what I have now to say, confine myself principally to the first of these topics, the objects of political economy: the kind and extent of the knowledge to which it introduces us. These once distinctly seen, the methods by which such knowledge must be attained, and the uses to which it may be applied, will want no long explanation.

I have another reason for thus at once directing your attention, in an especial manner, to this part of the subject before me. It is a point on which considerable error prevails. Too many persons look upon political economy as a study connected exclusively with trade and finance. Such views of the subject are very

imperfect. They lead to many errors; and to errors which are the more to be regretted, because they have had considerable influence in staying the progress of knowledge, by narrowing the field of view of many who have cultivated the subject as original inquirers; and damping the curiosity of many who have been repelled from it by mistaken and inadequate notions of its objects.

Let us see together then, gentlemen, if you please, what the branch of knowledge before us may be expected to teach, if we follow it up fairly and fully.

Political economy has for its subject matter *the wealth of nations*. Knowledge on such a subject is, of course, desirable only so far as it may enable us to understand circumstances which affect the happiness and well-being of ourselves or our fellow-men. We have to consider public wealth, therefore, in all the points of view in which it can affect the interests and happiness of mankind; and to observe men, under all the points of view in which, either as individuals or communities, they can affect, or be affected by, the progress of public wealth. When first glanced at, the subject no doubt seems vast and vague; but let us approach, and steadily contemplate it for a moment, and we shall see it breaking into masses and divisions of a sufficiently manageable form and size.

To assist us here, we must begin by placing some limit to our researches. That limit will necessarily be arbitrary; but fixing such a limit with discretion, we cannot reasonably be found fault with on that score.

Wealth, in its proper and popular acceptation, in-

cludes many objects which refuse themselves to scientific arrangement and analysis, of the kind we want to institute. While discussing public wealth, therefore, we will, if you please, confine ourselves to the portion of that wealth which consists of *such material objects as are appropriated by man before they are consumed.* That this limitation may not be the source of cavil or delusion, you will be good enough to bear in mind that it is, and is meant to be, purely arbitrary: that, in establishing it, I profess to convey no knowledge, except the knowledge of what I mean hereafter to treat of, and what to exclude. There may, for aught I know, be persons capable of giving a scientific form and character to such knowledge as they can obtain about portions of wealth, which this limitation excludes from my researches. Assuredly I should find no fault with such an undertaking, whatever I may think of its promise: all I wish at present to do is, to give warning that I have no intention of embarking in it myself.

Our knowledge as to public wealth (in the restricted sense in which I shall hereafter use the term) may be primarily divided into two great branches. First, the laws which regulate the production of wealth; and secondly, the laws which regulate its distribution. Under one or the other of these, the various subdivisions of the subject may be conveniently placed.

My present aim then is to show what are the kinds of knowledge to which an acquaintance with these branches of political economy necessarily introduces us. I hope, while doing this, to convince you that the

mistake is a gross one, which supposes that our subject can be useful only to the financier or politician, while they are regulating trade, or to those interested in such regulations. I expect you will agree with me in deciding that, fairly treated, it comprehends instruction essential, first, to the scholar, who would trace the deep-seated causes of long chains of events in the history of nations; next, to the philosopher, when attempting to observe the connection which subsists between the physical constitution of the world and the moral government and character of the inhabitants of our earth; then, to the statesman, whose task requires him to understand and measure the relative strength, energies, and resources, either of other countries or of the different divisions of the empire he may help to govern; and, finally, to every member of a free State who has active duties to perform, whatever be his station or province. And I expect to show you, too, that the instruction which our subject thus conveys to all these persons is not such as they may, or may not, profit by at their pleasure, but such as they must master and use, or remain in a state of ignorance, unworthy of the scholar and philosopher, and fatal to the usefulness and safety of the statesman and the citizen.

But before I attempt to give a rapid sketch of the objects revealed by the whole subject, it may be convenient to point out how it has happened that the doctrines connected with trade, and more especially with foreign trade, occupied for many ages a disproportionate share of the attention of those who professed to be

treating of public wealth. This order of inquiry would be a bad one, were it my purpose to begin now a scientific development of the whole subject; but it will be found, perhaps, to answer very well the purpose of leading us gradually into sight of the objects which should really be uppermost in the minds of those who approach political economy as an essential branch of a liberal and comprehensive education.

The errors and wanderings of our forefathers which I am about to exhibit, are indeed mainly remarkable for having long kept almost wholly out of sight the proper objects of our peculiar study; that is, you will remember, the laws which regulate the production and distribution of wealth. Bullion, we know, was long thought by all the European nations to be the only species of wealth which really deserved the name. Countries which could not produce gold and silver profitably from their mines, could only procure them by foreign trade: to manage foreign trade, so as to keep gold and silver constantly flowing in, and then to keep them fast, were therefore supposed to be the only arts by which nations could be enriched; and thus men's minds, whenever they talked or thought about an increase of the nation's wealth, were turned, not to production, but to trade.

To draw, then, to this "noble realm" at least its fair share of the world's stock of gold and silver, two systems prevailed at different periods of our story; but although these systems had this common object, they differed much in their means, their working and effects, and ought never to be confounded; although

they are confounded very generally, under the name of the mercantile system, which only made its appearance late, and did not last for a century. The older system prevailed, probably from the Conquest, certainly from the reign of Edward I. to that of Henry VII.; and it is the more interesting because, while it domineered over, and indeed well nigh strangled, the infant commerce of England, it was after all, I suspect, but a transcript of the laws and regulations of several of the continental nations. Its various parts may be accurately traced in our statute-book and ancient documents; but, as a systematic whole, it has, I think, escaped the notice of our historians: which is to be lamented, for it offers much instruction, some of which would not be at all out of place at the present day. Our remote forefathers, gentlemen, were not great abstract reasoners, nor very patient investigators of phenomena; but they had very decided notions about political economy, for all that. A study of their system would, perhaps, be the best remedy for the errors of those who have been misled into believing that the absence of systematic thinkers, and talkers, and books, upon such topics, is a sort of safeguard against the spirit of system, and the best guarantee against the rule of theory. Our earlier ancestors, then, had this in common with the supporters of the system of "the balance of trade," which afterwards became dominant under Charles II.: they believed that to supply the nation with gold and silver was the main duty of those charged with the interests of the commonwealth; and they assumed that this was to be done through their manage-

ment of foreign commerce: but they were by no means satisfied with indirectly influencing the general trade, and the domestic consumption of the country, so as on the whole to produce a favorable ultimate balance; which was what the authors and supporters of the mercantile system aimed at. The politicians of the older day went vigorously to work in a much more direct and straightforward manner. They laid it down as their principle that every individual bargain in foreign trade ought, if possible, to be made to help their purpose, of attracting some portion of bullion or foreign coin; and when this could not be contrived, then they assumed it to be their office to see that every such bargain was so effectually watched and controlled as to ensure its not leading, directly or indirectly, to the exportation of money. Their system may be called, therefore, if we wish to give it a name, the *balance of bargain* system. To carry its principles into effect its supporters devised a comprehensive body of strong measures, by which they confined our commerce to particular spots, fettered navigation, and contrived to be present at every bargain made by our merchants abroad: they, and they alone, negotiated, and on their own terms, every bill of exchange; and when merchant strangers landed here in England, they immediately put them under watch and ward, and superintended and controlled both their persons and every single transaction in their dealings. And they did all this, and much more than this, by the aid of a code of penal enactments, ferocious, bloody and unsparing; which they considered it a point of public virtue not to relax, and to which the interests,

property and lives of both natives and aliens were daily sacrificed; with the full approbation of the Legislature, and forward assent of the nation.

About the time of Henry VII., however, parts of the system became unmanageable; and during the reign of his son (although still in legal existence) it had become clogged, helpless, and utterly unable to work, because changes had taken place in our domestic position, and in the commercial habits of England and of Europe, to which the ancient regulations could not, by any zeal, or any efforts, be adapted.

Gentlemen, this was the subject of sore lamentation during the whole of the long reign of Elizabeth, and most of that of the first James. Our vernacular literature, then beginning to be popular and strong, helped to swell the wailing cry of the people for the restoration of the iron bulwarks, with which the care of their ancestors had fenced in the wealth of the realm: in the absence of which they were constantly haunted by a fear that the riches of the country were insensibly escaping, and that ruin was at hand.

But, if the press lent its young strength to support an error, it soon entered on its better province, and suggested wiser things. Before James died, new and sounder views may be discerned advancing towards ascendancy. And when the civil wars were over, and Charles II. was restored, we find the expedients of the old system formally examined, weighed, and found wanting, in the posthumous work (then first published) of a leading merchant; who had himself, under James, advocated the restoration of some of the most violent

and obnoxious of the old regulations. From the publication of that work, the reign of the "mercantile system," the system of "the balance of trade," may be dated;[1] and at its first instalment it was far from illiberal. Its aim, indeed, was still to draw in gold and silver, as the only mode of enriching the country; but the leading principle of the new system was, that individual transactions (even in bullion) were to be left free; that all attempts to control them were futile or mischievous, and that national wealth, meaning our stock of the precious metals, was to be secured and increased, only by so acting on the general course of the foreign trade, and on the internal consumption of the country, as indirectly to secure a favorable balance. The aim itself we now know to be unwise, but all the harsher features of the system were added during its subsequent working.

You perceive then, gentlemen, that for near six centuries of our history, however different the means [redacted] still the so managing foreign trade as to [redacted] the national stock of gold and silver, was the only [redacted]nised mode of adding to the wealth of a people who possessed no mines; and you will not wonder that for this long time at least, political economy and commercial legislation seemed one and the same thing.

About the middle of the last century, however, a change came over the minds of men: it was perceived

[1] When here, or elsewhere, I speak of the date of a system of opinions, I mean the date of its establishment as the guide of public measures, not of its first appearance in our literature.

and acknowledged here and abroad, that a nation's wealth was not identical with its stock of precious metals; and that to increase the commodities which gold and silver are employed to purchase, is at least as effective a method of making a people rich, as to increase gold and silver themselves.[1] Now, then, at least it might be expected, that the attention of all thinkers on such matters would be mainly directed to the productive powers of nations, to the fruitfulness of their land and labor, and to the obstacles or aids, which impede or increase that fruitfulness. Still, however, it happened that commercial transactions attracted more than their share of attention. About them a conflict as to practical measures immediately began. The English economical writers, in particular, were earnest to effect, as the very first result of their new views, important alterations in the mercantile system of their country. Doubts, fears, private interests, public prejudices, raised and animated a host of opponents, and a war of opinions began. Gentlemen, you well [redacted] that that war has not yet ended; that st[redacted] as to the expediency of great alter[redacted] our commercial regulations and policy, and bitter apprehensions of the tendency of those alterations, still attract much anxious and agitated interest; and that political economy is still looked upon by many in no other light than as the source of the danger or the good, which they dread

[1] It has been mentioned to me, by a gentleman who heard this lecture, and whose opinions I respect, that I ought here to have done justice to the pre-eminent merits of Adam Smith. I should have done so with pleasure; but it would have been repeating myself. It is a task which I cheerfully performed as well as I could, in the Preface to my work *On the Distribution of Wealth.*

or hope for, from the establishment of free trade, or the maintenance of old regulations. On such discussions, I have no purpose now to enter. They will come in their place; and then it will not be difficult to show in what manner, and to what extent, the knowledge conveyed by this part of our subject may mingle with and assist the practical views of the statesman, without converting him into either an unfeeling innovator, or a giddy theorist.

My aim so far has only been to show how it has happened that, while professing to treat of the production and distribution of the wealth of nations, the attention of thinkers and of the public has been so exclusively fixed on commerce and on the processes by which one kind of wealth is bartered for another. What I wish next to do is to point out to you that it is not with such things alone that our subject is conversant, that there remain for those who would efficiently investigate the laws which regulate the production and distribution of wealth, other and wider fields of research: the explaining which is an animating and useful task, connecting itself throughout with human aims and feelings of the loftiest character; a task which educated persons in a commonwealth of freemen cannot neglect without lessening the usefulness of their exertions and their character.

Of the two leading divisions of political economy, *Production* and *Distribution*, it will be convenient, for our present purpose, to consider distribution in the first instance. Production must, of course, practically precede distribution: but, although some wealth must be

produced before any can be distributed, yet the forms and modes of distributing the produce of their lands and labor, adopted in the early stages of a people's progress, exercise an influence over the character and habits of communities which can be traced for ages; which in many cases is never effaced: and this influence must be understood, and allowed for, before we can adequately explain existing differences in the productive powers and operations of different nations. It might seem, at first, that it would be difficult to trace and class the various modes of distributing their revenues, which different nations may be led to adopt. It is not so, however; caprice and variety have in this instance their empire bounded, by the condition of man on earth, by his wants as an animal, by the modes in which alone those wants can be supplied. The first wants of mankind are food and raiment; but these can only be obtained from the earth; and, after a certain time, by labor bestowed upon the earth. Here the constitution of the globe we inhabit begins to act upon men as members of society, and to establish foundations for the distribution of their wealth and for their social institutions. For it has been so ordained that the earth, in ordinary circumstances, yields to the labors of the cultivator more than is sufficient for his subsistence and that of his family. How, then, is the surplus food to be consumed? It must be by another description of persons: hence arises a separation of society into classes; and the mode in which the distribution of this surplus takes place, the nature of the class which consumes it, is the first and most influential cause of the future

character and habits of the community. This is no time for pursuing that early distribution hypothetically into all its possible forms; there is one, great, prominent, and comprehensive, a survey of which will teach us to trace the next steps in the generation of nine-tenths of the political communities of the earth, including our own.

Labor, continuously bestowed upon the soil, supposes property in the soil to be established; and, among rude nations, this requires some powerful hand to sanction and maintain it. From this and other causes, which we cannot now stay our course to analyse, property in the soil almost universally rests, at one time of a people's career, either in the general government, or in persons deriving their interest from it. Into the hands of these owners most, if not all, of the surplus produce of the cultivator is paid as a rent, a tribute for the privilege of cultivating the spot from which the peasant raises his own subsistence. Here, then, we have two distinct classes, standing in a certain relation to each other. One of the main ties has made its appearance, which practically bind together different ranks in all the regions of the world. But the existence of this second class, the landowners, or the landowner, for there may be but one, calls at once a third class into existence. Rents must substantially consist of raw produce, the proprietor can consume but a part; the remainder can be used only in supporting human beings; directly or indirectly, therefore, his revenue must maintain another division of the people; and thus we have at once menials, retainers, and artisans consuming their portion

of the surplus produce of the land, and forming a new element in the social structure: their place in which is determined by their dependence on the source of their maintenance.

Here let us pause; we have already before us the primary distribution, which has served, in the great majority of instances, to establish the first rude frame-work of political society. We see wealth, and the mode of its distribution, assuming an active influence in creating the ties which bind the body politic together, and determine, by their form and complication, its character, and often its resources. The influence of this early conformation of nations fades away slowly. It may be traced always for ages in their history. It rarely disappears before them. If we turn to the Asiatic monarchies, we see the surplus from the soil finding its way, from the dawn of history, into the hands of the sovereign, or his officers; and a great part of it distributed by them among the non-agricultural population. The condition and the relations of the cultivators, the artisans, the Government and its officers, have continued the same for ages, during which their monotonous likeness fatigues observation. While the primary distribution of their revenues continues the same, their social features cannot much change. In the east of Europe, Russia, Hungary, Poland, other relations subsist between the bondsmen, who are the cultivators, and the nobility who are there the proprietors; and also between that nobility and the non-agricultural classes. These relations present to us another state of society, which for centuries has impressed with an iron hand the character of States and

people. It is yielding, slowly and obstinately, to the united efforts of the monarchs and the nobles; and we may predict that, till different forms and modes of distributing the national revenue have superseded the old ones, all hope of rapid change in the character of their population, or in the power and resources of the community, will prove delusive.

Even when we travel westward and observe the more advanced European nations, there is not one of which the habits, institutions, and economical constitution, does not still present features in which we can distinctly trace the effects of that early conformation of which we are speaking, that is, the social conformation which results from the peculiar mode of distributing the produce of their land and labor, established in the early period of the existence of agricultural nations.

But we see changes constantly affecting this economical conformation, and the institutions and forms of society it gives birth to. In many instances these changes are slow and almost insensible; in others they are more active. It is time to turn to their sources, and to the causes which regulate their progress. The great agent in all these changes, in the configuration of society, the moving power from which they proceed is *capital;* and with the sources and functions of this powerful agent political economy brings us acquainted, when unfolding the knowledge contained in the other great division of our subject—the causes which regulate the *production* of wealth.

But here, gentlemen, I must detain your attention for an instant on a word. By capital, then, let me beg you

to remember that I mean "accumulated wealth employed with a view to profit," and only such wealth. The word is sometimes used in a much wider sense; with what propriety I shall not now discuss. Let me assure you, however, that in tracing the economical progress, or in analysing the respective productive powers of different nations, you will find the distinct division of wealth here pointed out, acting a most important part in modifying the ties which connect the different classes of the community, and in determining their productive power. Under some name or other, therefore, it will be essential, both to the distinctness of your views and the comprehensiveness of your knowledge, that you should keep this portion of a nation's wealth separate in your minds. You will be good enough to recollect, then, that I use the word capital for this purpose.

In looking at the different nations of the world, we find them assisting the industry of their actual population by very different quantities of such accumulated wealth. Thus the capital of England, in proportion to its population, is at least double that of France; the capital of France much greater than that of Spain, and so on as we descend in the scale of nations. One consequence of this difference is, that we see capital performing in some countries functions which are performed by revenue in others. It assumes no function for the first time without causing some change in the productive operations of a community, and in the relations between its different classes; but I wish you to observe with me now only the change effected when capital assumes the function of advancing the wages of the laboring classes.

In Asia, and in part of Europe (it was formerly the case throughout Europe), the non-agricultural classes are almost wholly maintained from the incomes of the other classes, principally from the incomes of the landholders. If you want the labor of an artizan, you provide him with materials; he comes to your house, you feed and pay him his wages. After a time the capitalist steps in; he provides the materials, he advances the wages of the workman, he becomes his employer, and he is the owner of the article produced, which he exchanges for your money. Now this change cannot take place without some alteration in the management and productiveness of labor; but when the change has become general, another and a most important change has also taken place, and that is, a change in the ties which connect the different classes of society. An intermediate class appears between the landowners and a portion of the non-agriculturists, upon which intermediate class, those non-agriculturists are dependent for employment and subsistence. The ties which formerly bound the community together are worn out and fall to pieces; other bonds, other principles of cohesion connect its different classes; new economical relations spring into being, fresh and potent political elements mingle in the national system, and the tracing the gradual introduction and the effects of these is one of the most important tasks of political economy, when unfolding the causes which regulate the production or the distribution of the revenues of the different people of the earth.

After surveying the different steps and stages of the changes I have been speaking of, we shall see at once

that England is much in advance of other nations. I I do not by this phrase mean to take it for granted, that her position is better than theirs, but only to point out that, in arriving at our present position, we have passed through and gone beyond those at which we see other nations stationary, or through which we see them moving. Here capital has assumed all the functions of which it is capable, in aiding a production, or facilitating exchange. Not only is the great body of non-agriculturists almost wholly in the pay of capitalists, but even the laboring cultivators of the soil (which is a rare case) are their servants too. The numbers and divisions of the intermediate class which subsists on the profits of stock have multiplied beyond all precedent; and this complete dependence of the laborers on capitalists for employment, and the powers and influence of these intermediate classes, have produced new social materials and political elements, on a scale which the world has never before known. There are persons among us, and of no mean rank in the intellectual world, who, gazing upon this spectacle, are unwilling to quit it; who think that English political economists may allowably consider the state of things about them, if not as a picture of the condition of the world, yet as a pattern towards which the institutions and economical habits of other nations are approaching with a quicker or slower motion; who believe that while we study our own economical elements and conformation, and those only, if we do not get a knowledge of the phenomena which the rest of the people of the earth present to the philosopher as his materials, we shall at least get a knowledge of a state of

things, which will one day be theirs and is destined to be universal.

Gentlemen, I cannot join in these views. Our inquiries and reasonings about the future progress and condition of communities of men must, if they are to have any practical character, be confined to the advance and fortunes of nations, during periods somewhat like those which the history of the past and our knowledge of men's natures teach us are likely to bound the duration of empires, and people, and states of civilization. During such periods I see no great chance of the world collectively being anything different from what it has been and is. The approach to a state of society like our own, where it can be perceived, is, in many instances, extremely slow; in others it would be rash to affirm that there is any such approach at all. Over many of the people of the earth some spell seems to have been breathed, which fixes them in their condition, and forbids the forward progress which has led us so far away from them. While some are thus stationary, and others changing their economical elements by gradations so minute, that it must take ages before any distinct change becomes prominent; the actual condition of the world during those coming ages is surely an object of great interest to the citizen of the world, the statesman, and the philosopher. The future of all other people will, however, at some time, be like our present. Be it so: the prophecy is bold; but still the interest we have in the future, however great, can be but a subordinate interest after all. The past is our own to be schooled by, the present to act in; and the economical researches

which explain the story of the past, and make visible the actual condition of our own and other nations, are full to us of the instruction which it is most our business to prize and use.

We must study, therefore, the economy of nations in the past and present story of the world at large; and to conduct that study efficiently, we must make ourselves thoroughly acquainted with what I shall now proceed to call "the economical structure of nations;" because, after the views I have laid before you, I hope to be understood when I say that, by the economical structure of nations, I mean those relations between the different classes which are established in the first instance by the institution of property in the soil, and by the distribution of its surplus produce; afterwards modified and changed (to a greater or less extent) by the introduction of capitalists, as agents in producing and exchanging wealth, and in feeding and employing the laboring population.

An accurate knowledge of that structure can alone give us the key to the past fortunes of the different people of the earth, by displaying their economical anatomy, and showing thus, the most deeply-seated sources of their strength, the elements of their institutions, and causes of their habits and character. It is thus we must learn the circumstances which divide them into classes, establish or change the ties which connect those classes, and the value and influence of each, as component parts of a state or agents in producing its wealth.

We see then, I hope, that the laws which regulate

the Production and Distribution of Wealth thus viewed, have abundance of human interest and philosophical dignity. We view wealth no longer as a mass of dead matter: nor do we treat its principal divisions, rent, wages, or profits, merely as data in arithmetical calculations; but tracing the shifting forms of society, as far as they are influenced by changing habits of production, or modes of distribution, we survey a nation's riches always in close connexion with the progress and fortunes of the human race; with alterations in the political elements of nations, and in the capacities and opportunities of all orders of the people for improvement, independence, and happiness.

There is no part of ancient or of modern story on which a comprehensive knowledge of differences and changes in the economical structure of nations will not throw some clear and steady light. It is from such knowledge we must learn to understand the secret wonders of ancient Egypt, the power of her monarchs, the magnificence of her monuments; the military strength with which Greece repulsed the easily renewed myriads of the great king: the young might, the long feebleness of Rome; the fitful strength of the feudal states; the more steady power of the modern nations of Europe; their separate character; the moral and political capacities and story of the different orders of men under all these forms of dominion. And so far is it from being true, that such knowledge is alien to the proper pursuits of the political economist, that it is impossible for him fully to follow up and explain the causes which determine the amount of wealth produced, and the modes of its distri-

bution in different states of human society, without attaining and using such knowledge.

But we must devote a few words to two of the most important subdivisions of political economy, population and finance; and when I turn to population, it is my first duty, and it is a pleasing one, to remind you that we have still living among us, in the full vigor of his faculties, the distinguished philosopher, to whom we owe all our really scientific knowledge on this subject. You will perceive, of course, that I allude to Mr. Malthus; and I am the more forward to perform this duty, because it may be my lot sometimes to offer what I think corrections of the views of that really eminent man; to supply some omissions; to express, occasionally, differences or shades of difference in our conclusions; perhaps now and then to combat a few of his positions altogether. I shall do this with the freedom due to truth, and with the deference I feel to be due to him; but knowing that such a task may occasionally await me, I seize this early opportunity of declaring my sense of grateful obligation for the knowledge I have reaped from his writings. My testimony to his ability or rank, as a philosophical writer, would be presumptuous. On these points the world has decided, and has decided justly; but it may not be out of place to remind you of this fact (which sometimes haste, and sometimes prompt but erring feeling, has obscured from the view of too many), that, when the works of Mr. Malthus are well understood and thoroughly weighed, there is seen to prevail in them, as their constant and unfailing characteristic, a spirit of pure benevolence, of unceasing

love for his fellow-men; a desire, which will not be repulsed or wearied by calumny or perverseness, to promote all such measures as may best conduce to the happiness and elevation of the mass of our countrymen and of mankind.

On this branch of our subject it has been established, then, that men have an animal power of increase, which, fully exerted, must soon people the earth up to the utmost limit of its capacity to yield food; and that the effects of this power may press hard upon the efforts of a people to provide subsistence, long before the productiveness of the earth which they till has reached its term. It is an obvious fact that, in every existing human community, many causes do and must combine, first, to control the instincts of men and to repress the full exertion of their powers of increase; and next (should that power be over-exerted), to reduce their numbers to the level of the subsistence they can obtain. This once seen, an explanation of the causes which so act, a knowledge of the circumstances which strengthen either the desirable or the noxious means of repression, leads at once to economical and moral views of great interest and importance.

We are presented, first, with a multitude of economical problems. The circumstances which determine the rate of increase of a people, affect, permanently and essentially, the state of the great bulk of the population of most of the countries of the earth. But here we find ourselves approaching a yet more serious task. Political economy in this department groups and explains phenomena, which are essential guides in some

of the most important researches of the natural philosopher, and the natural theologian. It is our business here to trace the manner in which the physical constitution of man, combined with that of the earth which he inhabits, acts on the happiness and moral character of individuals and of nations. Scanning thus the adaptation of the material laws of the universe to our nature, and so their action on the fortunes of the human race, we catch necessarily important views of that machinery, through which is carried on the moral government of the rational inhabitants of the earth, in their individual and social capacities, by Him who made the earth and them.

But we have further to regard this subject of population, minutely and anxiously, in combination with sound and comprehensive views of that economical structure of nations, the nature of which I have already endeavoured to explain to you. In following up the circumstances which determine the distribution of the revenues of a people, and the position and relations of the productive classes among them, we shall find ourselves in sight of the peculiar economical causes which act upon the habits, and so influence the rate of increase, of peasant cultivators, artisans, menials, agricultural day-laborers (as we see them existing here), and other classes; and, having traced the position of each of these in the different communities of which they respectively form important portions, we shall find many political causes springing out of their economical position, but exercising their own peculiar influence over the habits of the people, through their civil rights, their

capacities, duties, aims and feelings as members of the State. We shall then rise to the observation of certain moral and intellectual peculiarities, closely and indissolubly connected, however, with these economical and political circumstances, and dependent on them; which moral and intellectual peculiarities make up the tale, the complement, of the causes which jointly determine the different habits of nations under different forms of economical structure.

It is only by thus unthreading the tangled chain, by which men, through the minute and multiplied peculiarities of their position, are wedded to their habits, or stimulated to improvement and elevation, or goaded to debasement,—that we can decide or reason upon the practical results of the principle of population in any country of the earth.

The next subdivision of political economy, to which I must briefly direct your attention, is finance; and there is no branch of our subject which, properly followed up, is more abundant in instruction, sheds a clearer light upon the past history of the world, or exhibits more distinctly the causes of the different political strength of existing nations. But, gentlemen, once again, we must thoroughly master the economical structure of different nations, before we can understand the systems of taxation which can be made productive in each.

Since this subject first attracted the attention of modern writers, many strenuous and extremely ingenious attempts have been made to prove that some portions—different portions by different writers—of the revenues

of a country must necessarily slip away from, and at last escape, all taxation; and that all public burthens, in the long run, must rest upon some one distinct and limited part of the national income. All discussions on finance, in the hands of these reasoners, only tended to show the way and steps by which taxes, apparently imposed upon one set of individuals, were shaken off and shifted, till they rested at last upon that limited class of revenues, which was honored with the burthensome privilege of being alone productive to the State. Some formidable plans have been generated by this class of speculators, for at once placing all the public burthens on these devoted shoulders, as the cheapest system of finance, which would avoid the accumulated expenses incurred during all the shifting and changing we have been speaking of. The burthen-bearers have, however, never been very grateful for the proposed distinction. They have altogether declined to take the public taxes openly and directly on their backs. And it has, no doubt, been extremely lucky for the State, as well as for themselves, that they have been so magnanimously steady in refusing the proffered honor and advantage.

The speculations and plans of the French economists were mainly of this kind. The idea was, however, first started in England, and it has occasionally been taken up again here, with variations of course. The name and character of some writers, past and present, of this class, will prevent my speaking lightly of them or of their systems; but I cannot now stop to examine them at length: and I must for the present dogmatize a little, and declare that all these notions about untaxable classes

of men, or revenues, are utterly delusive. Taxes are not always paid by those on whom they are imposed; their ultimate incidence (to use a convenient phrase) is not always the same as their apparent incidence; but still there is no one class of society, whatever be its condition or employment, which cannot be made to bear its share of the public burthens. The exact share which each class does bear, in proportion to the gross income of the class, differs widely with changes in the state of society—in the economical structure of nations; and the determining the financial fruitfulness of different classes in the different stages of a nation's progress, is a problem of the most important kind. Its results are instructive in a moral and political, not less than in an economical point of view.

On these results, however, I cannot dwell at any length. The great lesson is the importance, in all stages, of the bulk of the nation, of what are called the inferior classes. We may take for examples Russia and England. It is not too much to say, that (without adverting to the progress of the higher and intermediate classes) if the laboring classes of the Russian empire could be put on a level with the average body of English laborers, if their consumption could be made as great and similar, then the financial resources, the annual public revenue of Russia, and her political strength and influence, would be increased much more than they would be by the conquest of another empire as large and populous as her own, and in the same condition, though such an empire would form a considerable portion of the world.

We have a case nearer home, not very pleasant to contemplate. Let us turn to Ireland, and, while we pronounce the gunpowder name, dismiss for a moment, if we can, political feelings from our minds. There are economical points of view in which all parties may surely contemplate the state of Ireland with profit. It may be shown, that could her peasant population be placed in such a position, that their consumption equalled that of an equal number of English laborers, the direct addition to our public revenue would be greater than the whole sum which that revenue receives from all our colonies and foreign possessions put together; though these almost girdle the globe, and contain more than one hundred millions of inhabitants. There is no country in Europe to which an analysis of the condition of its population would not show like results; we may hope that one day such calculations will be familiar to all nations. They will be the most eloquent of monitors to peace and good government.

Gentlemen, I have pointed out to you some objects of leading interest, with which we become familiar, while gaining a knowledge of the laws that regulate the production and distribution of wealth. I have been able to do this of course but briefly and imperfectly; and my time warns me that I must now say a few words as to the methods by which that knowledge must be arrived at. They shall be but few, for I could not dwell long upon this point, without becoming, what I much dislike being here, somewhat polemical.

If we wish to make ourselves acquainted with the economy and arrangements by which the different na-

tions of the earth produce or distribute their revenues, I really know but of one way to attain our object, and that is to look and see. We must get comprehensive views of facts, that we may arrive at principles which are truly comprehensive. If we take a different method, if we snatch at general principles, and content ourselves with confined observations, two things will happen to us. First, what we call general principles will often be found to have no generality; we shall set out with declaring propositions to be universally true, which, at every step of our further progress, we shall be obliged to confess are frequently false: and, secondly, we shall miss a great mass of useful knowledge, which those who advance to principles by a comprehensive examination of facts, necessarily meet with on their road. If we want to understand the subjects of wages or rent for instance, and take the trouble to observe how the various nations of the earth employ and pay their laborers or distribute to the landowners their share of the produce of the soil, we shall necessarily gain much information in our progress. We shall see what causes determine the condition of the bulk of the people of the many nations of the earth; the varied ties which connect them with their superiors; the distinct political elements which arise out of this mutual connection: and all this surely is knowledge well worth gaining, independently of the ultimate reward of our researches,—the grasping those simple and commanding truths, which really apply to wages and rents under all their shapes and varieties.

And, gentlemen, if we will not take this trouble; if we will be closet philosophers, take a peep out of our little window, and fashion a world of our own after the pattern of what we see thence, however ingenious and clever we may be, we run a great risk of being sadly mistaken, and are sure to remain extremely ignorant.

Supposing, however, that we determine to know as much as we can of the world as it has been, and of the world as it is, before we lay down general laws as to the economical habits and fortunes of mankind or of classes of men: there are open to us two sources of knowledge,—history and statistics, the story of the past, and a detail of the present condition of the nations of the earth. From these alone the teacher of political economy can draw the information and the knowledge which it is his duty to arrange, that he may present them to the student. Each source has its defects, and each its peculiar powers of diffusing light, which would be sought in vain from the other. In observing the long trains of events recorded by history, we detect the immediate and remote effects of the economical structures we are analysing. But history has suffered to drop from her pages, perhaps has never recorded, much of the information which would now be most precious to us. For many whole classes of facts, necessary to illustrate principles of which the importance has only lately become known, we should toil through her pages in vain. Yet this defect does not always exist when we think it does. The compiler and the student are sometimes more to blame

than the original historian. The labors of Niebuhr, Savigny, Heeren, Müller, have proved that there is much knowledge, most important to our subject, in historical records, which has faded from the minds of men, and must be laboriously recovered from the recesses of neglected literature, like lost and sunken riches from the secret depths of the ocean. Our own scholars and antiquaries will not, we may hope, be backward in imitating them; and the historical documents, both of our own and foreign countries, contain, we may well believe, large and unknown stores of economical instruction,—many a heap of unsunned treasure to reward their researches.

Statistics, unlike history, presents all the facts essential to our reasonings in inexhaustible detail and abundance; but leaves us to speculate upon causes, and to guess at effects as we can. It is not pleasant to reflect how little has been done in England to systematize statistical inquiries, or to preserve and spread the information which statistics can give us. In this respect, as in many others, the cultivators of physical science have set a brilliant and useful example. There is hardly a department in their province which has not the advantage of being pursued by societies of men animated by a common object, and collecting and recording facts under the guidance of philosophical views. We may hope surely, that mankind and their concerns will soon attract interest enough to receive similar attention; and that a statistical society will be added to the number of those which are advancing the scientific knowledge of England.

Gentlemen, before I conclude, let me slightly notice one or two remarks, which may probably occur to some of those who hear me.

While speaking of the causes which determine the economical position of the different nations of the world, I have pointed to men as affected by the unexpended influence of circumstances which have occurred far back in story. While tracing changes in the economical structure of nations, we see large divisions of mankind, of which the character and habits are fashioned and fixed by the position in which they have been placed by past events. We observe amidst the progress of change, the manner in which the economical structure of one age affects the education, the habits, the character, the powers of the next; and while generation succeeds generation, we see nations slowly developing the institutions which mark their actual character. There is something in this spectacle which is distasteful to the impatience of young minds: they dislike to feel their individual helplessness and insignificance; they struggle against a conviction that they, and those around them, have been placed where they are, and are still carried on, by a current of events too powerful for their mastery; they would fain make their powers felt; they would write with their fingers on the forehead of the age; and give an impulse of their own to the mighty tide of human affairs. There is something in these feelings too generous to be rebuked; something which it is painful to find arrayed against our subject. Let me then remind these young patriots, that if political economists are the last persons who

will pretend to teach them how to liberate themselves and others from the influence which the past exercises over the present, yet we can find full scope for their most generous views and aims.

In tracing the manner in which their economical position influences the station and character of the various classes of mankind, the most cheering portion of our task is the observation of the steps and means by which the populous mass of human beings may be and is, during the progress of civilization, gradually and safely brought to share in the intellectual elevation, in all the civil rights and duties, which, before civilization has diffused her influence, are confined (where they exist at all) to limited numbers,—to a superior caste in society.

We can trace the bondman, the serf, and all the most degraded vassals of harsh power, gradually changing their economical position, and while the sources and modes of gaining their subsistence alter, enlarging at the same time their rights, and approaching nearer to the level of the higher classes of society. We display too this progress, always in connexion with a truth, not less beautiful as a moral, than valuable as a political lesson; namely, that with increased civil privileges and capacities, increased intellectual and moral elevation must go hand in hand; or the progress of improvement must be stayed, and advances in it rendered nugatory or worse.

The fact, that in the political progress of nations there is an inseparable connexion between increased freedom and increased responsibilities; that freedom, in

short, is a blessing which, from the very constitution of men and of society, none can long enjoy who do not deserve it,—is a truth which, vaguely seen by others, shines out in all its evidence and detail to the political economist, who, tracing changes in the modes of producing and distributing wealth, observes step by step the alterations which take place in the connections, mutual dependence, and all the cementing influences that hold together those human materials of which States are composed. We observe, first, the coarse and harsh bonds which preserve subordination and connection among rude nations; then the more delicate ties, the more refined relations, the gentler influences, which, as these coarser bonds disappear, succeed to their office, form new principles of cohesion, and become agents through which are still upholden order and justice, the essential foundation of permanent constitutional liberty; a blessing which, as it escapes the weak, will not long remain the heritage of the violent and bad. Lessons like these, in which political economy is fruitful, may, we hope, restore to it the good-will of some who are too much inclined to look upon us suspiciously and from a distance, as persons who can have no sympathy with any of the nobler aims of men or nations.

I can foresee other objections to some of the views I have laid before you. Some persons may perhaps be startled and offended by the connection I have pointed out between political economy and the political elements out of which governments are formed, and by which they must be maintained. Gentlemen, this feeling is to some extent excusable: because it has been the

boast, sometimes the ignorant, sometimes the timid and fearful boast, of many political economists here and abroad, that their subject has no connection with such matters. The causes of this shrinking and ill-placed timidity it would not be difficult to point out, had we time to enter upon the literary history of our subject; but though we have no time for that, the question itself is easily disposed of. A teacher of political economy has first to examine the phenomena presented by the condition of different nations, that he may ground his principles securely. This is the analytical or investigating portion of his labor. Then he must be prepared to show how these principles may be used to account for the exact condition of any particular class in any given nation. This is part of the practical application of his subject to human affairs. If he neglects either branch of his labor, he performs his office imperfectly. Now these processes necessarily bring him into sight of the mutual relations and influences of different orders of men as determined by different modes of producing and distributing public wealth. No one can deny the importance to the statesman of such knowledge. No one can deny that it forms a part of political economy, who is not prepared also to deny that political economy is the study which teaches the laws that regulate the distribution and production of wealth. Our subject is thus brought into immediate contact with the philosophy of legislation; but still the line which distinguishes them is sufficiently obvious. However decided our convictions as individuals may be, yet as political economists, we do not decide upon, we do not even

discuss, the merits of particular constitutions or forms of government considered abstractedly; but we show the lawgiver what materials he will find in nations having different economical structure, for framing, maintaining, and keeping in action any particular form of government; what are the data from which he must reckon,—what are the instruments on which he can rely,—when he is creating systems, and laying down rules and regulations which must be put in action by human agents exercising political authority and influence over each other. It is not our province to praise or blame this or that form of government, or code of laws; but to show in what cases the establishment of each is or is not possible; why institutions and laws which endure and flourish under one state of economical conformation, wither and die away when transplanted where society does not present the proper materials to give them life and support. Our subject then is, to a great extent, the mother science on which the philosophy of constitutional legislation rests; as does in a great measure the philosophy of jurisprudence. The lawgiver who would frame codes and institutions without such knowledge as we present, may be an eloquent dreamer, but can never be a practical statesman.

There are still, however, some who have a dislike to all such topics, whether connected with political economy or not, who think that there is much false and dangerous political philosophy current in the world; and that therefore all such discussions are more or less perilous. Gentlemen, we may be allowed to smile at these fears. If imperfect knowledge and light show us

the world and our fellow men, and their institutions, in false and distorted shapes; the remedy is, not to shut out the day, but to get better philosophy and more light—that light which proceeds from knowledge, and which, in an institution like this, it is at once our duty and our pride to labor to diffuse.

Gentlemen, we shall never forget in this place, I hope, the eloquent words of that father of our church who first invoked a blessing upon our undertaking: he told us that it was "the design of those who founded this college to erect the shrines of science and of literature within the precincts of the sanctuary;" and I trust we, humble instruments for effecting such high purposes, shall ever be the more strenuous and the more fearless in our efforts, from feeling that such light as man laboriously earns by the exercise of the faculties which God has given him, directed towards such knowledge as he has been made capable of attaining, is indeed light from heaven; and that every ray which illuminates the inquiring mind in its progress towards truth, carries with it evidence of the presence and power of the Deity.

While we are animated by such feelings and such aims, it would be a most idle fear which should suppose that the train of research I have been sketching must needs connect itself with the party wrangles and animosities of the day. Assuredly, Gentlemen, we shall teach no politics here. It would be a want of discretion, indeed of honesty, to beguile young minds, yet immature in knowledge and in strength, into hastily forming opinions now, which it will be a solemn part of

their duties in future life to endeavour to form justly and rightly. The last thing we should wish to see them do, is to assume in their young days the livery of any political sect. But there are public duties common to men of all parties, which it is our province to train our pupils to approach, in a fit state of preparation. We must not, I trust we cannot, forget that, among the foremost of the earthly blessings we enjoy, is that of being members of a community of freemen. It is a privilege that brings with it duties as well as advantages. No Englishman, and emphatically no Englishman of the educated classes, can fulfil the obligations of his station, without having frequently to propose, to deliberate upon, or to judge of, measures intimately connected with our subject, and not less intimately with the happiness and welfare of his countrymen.

Now it is to enable him to perform these high duties with knowledge and forethought, carefully, honestly, and manfully, that we have undertaken here to investigate and teach all those branches of human knowledge which may help to throw light upon his path, and so contribute towards that which one of the greatest of our great men has described as "a complete and generous education," the education which fits a man to perform "justly, skilfully, and magnanimously," all the offices, both public and private, which his country can demand from him.

Gentlemen, I have attempted to point out to you some of the objects, the methods, and uses of political economy; to show that it yields knowledge which throws a distinct light of its own upon the past history

of nations, upon their actual condition, their relative strength, resources, and capacities for political institutions; upon many subjects, indeed, on which neither the scholar, the philosopher, nor the statesman, can remain even in partial ignorance with impunity. Such a sketch is necessarily imperfect; but the hour warns me that my task for the present has ended.

DETACHED

NOTES AND REMARKS,

EXTRACTED FROM A MS. NOTE-BOOK.

DETACHED NOTES AND REMARKS.

ON PROFITS.

THE new theory of profits, as it is called, depends entirely on the supposition that the rate of profits is regulated by the proportion which the produce of the last land cultivated bears to the labor necessary to cultivate it. Now this, of course, supposes profits always to be equal in all occupations. But profits can be equalized only by the competition of capital; and the free competition of capital is not common, but the rarest thing in the world.

In some countries competition is prevented by the degraded state of some employments. In many countries, though the profits on the worst lands (including what is paid over as rents), is great, yet capital will not flow to the cultivation of uncultivated land, on account of the laws of landed property, and the degraded condition of the cultivators. In Asia, capital dares not shew itself openly, for fear of being pillaged; and it cannot, consequently, flow to agriculture, where it would be sure to be seen. These effects become causes in their turn. The agriculturists, on their

part, save but little capital, and are too ignorant and too oppressed to transfer it to other employments. Hence capital, as such, is always scarce with them. In these countries agricultural profits may be *low*, and trading profits *high*. The vicious system in vogue may prevent the supply of corn keeping up with a moderate demand for it, while the scarcity of other capital makes wages low, and keeps other commodities at such a high price that the farmer, out of his miserable profits, is obliged to pay very high ones to the merchant. In such countries we shall find little trading capital, and high profits on it,—the cultivators poor, and the landlords taking a large portion of the produce, although not themselves rich. The laborers, too, if there be any distinct from the farmers, are generally worse off than their masters.

ON THE EFFECTS OF INCREASED PRODUCTIVENESS ON WAGES AND PROFITS.

The worst land cultivated maintains the laborers better than the best did formerly, even in corn. It pays 10 per cent. profit, or near it, besides an enormous sum in rates and taxes.

But if the productive power of labor, when applied to land, has not diminished, or very slightly so, the productive power of labor in almost every other occupation has been greatly increased. This is the natural course of things in the progress of arts and civilization.

It is not true, therefore, that in the progress of society wages and profits go on diminishing while rents are swelled by their loss; but it is true that wages and pro-

fits have a constant tendency to increase as well as rents, and this general increase in the productive power of labor is felt beneficially by all classes.

Since the whole produce of the labor of a community is divided among the laborers and capitalists, not according to the productive power of their *individual* but of their *joint* labor, it evidently becomes a matter of indifference to an individual or to a class that the produce of their own labor is diminishing, provided the average productive power of labor increases to the same extent. If six men produce twelve gallons of corn, and six men's labor produces twelve pair of stockings, twelve gallons of corn will exchange for twelve pair of stockings; and supposing each producer to exchange half and keep half his produce, each will have one gallon of corn and one pair of stockings. If, as society advances, nine men's labor must be employed to produce twelve gallons of corn, while three men's labor can produce the twelve pair of stockings, the value of corn will be to stockings as nine to three. Three gallons of corn will be worth nine pair of stockings; and exchanging their produce, each laborer will have, as before, one gallon of corn and one pair of stockings. Although the productive power of the land will have decreased, the productive power of manufacturing labor will have doubled, and the sum total of wages and profits will remain exactly the same. It will be evident, from the same calculations, that if the productive power of the manufacturer has more than doubled, while the productive power of agricultural labor has decreased one-third; or if the latter has decreased less than a third, while the former has doubled, then, in spite of the decreasing

fertility of the land, wages and profits may have increased, and increased very considerably. If, when the labor of nine men became necessary to produce the twelve gallons of corn, the labor of three men became able to produce twenty-four pair of stockings, the value of the twelve gallons of corn will be three times that of the twenty-four pair of stockings, or seventy-two pair. Suppose the nine men to retain each a gallon, and exchange the three others with the manufacturers, each will then have one gallon of corn and two pair of stockings.

In pursuing this calculation we may observe a circumstance which may help us to ascertain whether the productive power of labor applied to the land has or has not diminished; or to what extent it has diminished. If the consumption of the laborers remains the same, then upon every diminution in the productive power of labor applied to land, a greater proportion of the laborers of a community must be employed in cultivating the land. If twelve gallons of corn can be produced by six men, and those twelve gallons will suffice twelve men, six men may be employed in manufactures, and the population will be equally divided between the two sets of producers. But if the labor of nine men be necessary to produce the twelve gallons of corn, which will still suffice only twelve men, then only three men can be employed in manufactures. Three quarters of the population must be employed in agriculture, while only one quarter can be employed in manufactures. The principle is plain, that as the productive power of labor employed on the land diminishes, the relative number of laborers, compared with the population they support, must increase.

Now, has this been the case in our own country, where the productive power of labor applied to land is assumed to have been diminished the most?

The last population returns show there are employed in agriculture, 978,656 families; in trade and manufactures, 1,350,295; and in other situations, 612,488. The population employed in agriculture is as nearly as possible one-third of the whole number. That this shows an increase, and not a diminution, in the productive power of agricultural labor is evident from the fact that the agriculturists have been producing the maintenance of an *increasing* number of persons in addition to their own. One man employed upon the land now produces necessaries for his own family and the families of two other persons. No other country in Europe exhibits a productiveness in agricultural labor at all to be compared to this. The proportion in France makes the nearest approach to our own. All the other great nations of Europe support, by their agricultural labor, a smaller additional class.

Of the increase of the non-agriculturists in England itself, we have no very accurate measure. They appear, in 1377, to have amounted scarcely to more than one-fifth of the cultivators; but their numbers have gone on steadily increasing. Since 1811 the agricultural population has increased at the rate of about 9½ per cent., and the remaining population at the rate of 19 per cent.; while the English laborer consumes as much corn now as he ever did, and more than the laborer of any other country in Europe consumes. The productive power of the whole agricultural labor of the country,

then, instead of diminishing, has gone on increasing, is greater than that of agricultural labor in any other country in Europe, and is actually increasing at this moment. It may perhaps be thought that, although the productive power of agricultural labor has in the aggregate increased, yet there has been a diminution in the productiveness of that portion of it which alone regulates profits,—namely, that employed with the least returns. But, if the quantity of corn assigned as wages and the rate of profits depend, as is contended, on this portion of agricultural labor, then, if such corn-wages and profits have not diminished, that labor has not become less productive. But neither corn-wages nor profits have diminished. It is not easy to ascertain accurately the real wages of labor from the prices of corn and money-wages handed down to us; but Sir Frederick Eden has collected a full store of such materials as remain, and Mr. Malthus, on an attentive examination of these, thinks that a peck of wheat a day is rather above than below the average price of labor as far back as we can trace it. Wheat is now 72*s.* the quarter, which is 9*s.* the bushel, or 2*s.* 3*d.* the peck. The average wages of farm labor are 2*s.* a day, without counting the additional sum distributed among the body of laborers in the shape and name of parochial allowances. The rate of wages is not below the average which has usually prevailed in England, as far as we can trace them. The profits on lands farmed, it is yet more difficult to compare with those of remote ages. The rate of interest, which is some guide to the rate of profits in modern times, is no guide in a ruder state of society. I doubt whether, before the

restoration of Charles the Second, the current rate of interest in England had much to do with the usual rate of profit. This we know, however, that since that time the rate of interest has not decreased, and we may fairly presume that profits are not lower than they were under the reign of George the First and George the Second.

MALTHUS AND RICARDO ON RENT.

Ricardo's first and glaring error is his talking, or approving others in talking, of rent as forming no addition to the national wealth, but being a transfer of value advantageous only to the landlords, and proportionably injurious to the consumer.

Now, according to his own theory, the price of corn is always a natural or necessary price; and if that price is injurious to society, it is injurious by those general laws of nature which, applied to the particular circumstances of any society (the barrenness of their lands, density of their population, etc.), make such price natural and necessary. That high price would have equally existed, and been as injurious to the consumer, if none of it had gone to rent, but it had all gone to the actual cultivator. The argument that Ricardo adopts amounts to this:—the price of corn is necessary, that is, the consumer cannot have it at a less price; but while the cultivator, John Doe, retains it all, society cannot complain of it justly: when, however, Richard Roe pays over part of it to Thomas Nokes, his landlord, it immediately becomes injurious to the consumer. And this error, or rather,

perhaps, mis-statement, is the more to be lamented, as it falls in with certain vulgar errors and views, by appealing to which, bad, or, at least, weak men have endeavored to influence the populace against property in land and landlords.

Next, Malthus and Ricardo differ as to the following proposition:—Malthus says, "The first and main cause of rent is that quality of the earth by which it can be made to yield a greater portion of the necessaries of life than is required for the maintenance of the persons employed upon the land." In discussing this, Ricardo says that Malthus has here stated it as a general principle that, under all circumstances, rent will rise with the increase of fertility of the land, and will fall with its diminished fertility. Now, Malthus has said no such thing; and Ricardo, after wasting his ink in refuting what was never advanced, seems to have entirely overlooked the main inference that Malthus drew from the above proposition, which is, that a degree of fertility sufficient to do more than pay the wages of the laboring cultivators is a necessary condition of the existence of rent; and that such fertility, be it more or less, is also the limit of rent. These propositions are almost self-evident; and they have only been confused by talking of the *price* of the produce exceeding the cost of production.

REMARKS ON MALTHUS, PRINCIPLES OF POLITICAL ECONOMY.—(2ND EDITION, PAGE 76.)

"It is not correct," he says, "to consider as Smith has done, profits as a deduction from the produce of

labor."[1] True, neither for similar reasons is it correct to consider the rent of land as a species of capital contributing to production. It appears to me that if he admits that there is any land which pays no rent, as by his phraseology he seems to do, then he only embarrasses the subject by introducing rent as an element of the necessary price of commodities.

(PAGE 83.)

It is clear that the different definitions of value given by Malthus and Ricardo cease to be important, if we admit, with Ricardo, that, in speaking of commodities and of their exchangeable value, we are to mean only such commodities as can be increased in quantity by the exertion of human industry, and on the production of which competition operates without restraint. If we admit this, then, increased demand leads so immediately to increased supply that they may, for most of the purposes of argument, be considered simultaneous, and the difference between the intensity of demand and supply being put out of sight, the cost of production will then determine both their market and their necessary price, which, in such a state of things, will be the same as their value in exchange. But the truth is that, in regard to raw produce, the most important of commodities, it is not always to be increased at pleasure by the exertion of human industry. Competition does not operate on its production without restraint. It may be multiplied, as Ricardo says, but it cannot be multiplied without difficulties, which it may take time to overcome, and which can only

be overcome at last with expense. Until these difficulties are overcome, the supply does not keep pace with the demand.

ON WHAT DETERMINES THE CONDITION OF THE LABORING CLASSES.

Macculloch says, "There is plainly but one way of really improving the condition of the laboring class, and that is by increasing the ratio of capital to population." There is another way, viz., by increasing the productive power of labor. Where wages rise because capital increases relatively to population, they rise at the expense of profits; when they rise from an increase in the productive power of labor, they rise with profits.

Macculloch and Ricardo, who think the productive power of labor is always diminishing, speak consistently in denying that wages can rise except at the expense of profits. Their great error is dwelling on *proportionate* wages and profits, of which the relative position is a matter of comparative indifference; and their neglecting and forgetting the variations in real wages and *real* profits (to use a new phrase), which are what is really important to the philosopher and statesman.

ON MALTHUS ON POPULATION.

There is much to be supplied, and something to be amended in Malthus' views and language; but as the founder, not the finisher, of an important branch of knowledge, we owe him thanks and reverence.

Columbus saw but little of the new world, his discovery of which was to exercise such wide dominion over the fortunes and habits of the old. Yet his name is stamped in the annals of mankind, fixing upon it an interest which no subsequent discoverers share, however accurately they have surveyed its unknown coasts, or corrected our imperfect notions of its form and bearings.

It is just so with that new and vast branch of knowledge which Malthus has revealed to us. Its influence on the habits and happiness of nations has fastened itself upon us, and all subsequent progress in enlarging or correcting his views, will only throw more light on the name and services of him who first effectually dispelled our ignorance of its influence.

THE ECONOMISTS.

That consumption is the measure of reproduction is a maxim of the economists, which would be strictly true, if they had said, consumption *at the natural price of commodities* is the measure of reproduction. Consumption *at a less price* is not the measure of reproduction.

REMARKS ON ADAM SMITH.

("Wealth of Nations," Vol. II., Page 6.—Buch. Edit.)

Smith avoids Ricardo's errors about wages, and admits that taxes may be paid out of them; and he remarks, too, that, in the payment of taxes, the greatness of the numbers of the contributors may make up for the smallness of their contribution.

(Vol. II., Page 32.)

He has an argument to prove that in some slight degree money laid out in gewgaws increases the stock of natural wealth more than money laid out on servants, etc.; quite the reverse of Ricardo's late doctrine.

(Vol. II., Page 8.)

He shows that the fund destined for the maintenance of productive labor is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately destined for contributing a revenue, either as rent or profit. How much, therefore, must the relative strength of this country be underrated by those who deny that wages pay taxes.

(Vol. II., Page 48.)

Were it not for manufactures, the surplus produce would be of no value in exchange, and could add nothing to the wealth of society. He gives precisely the same reasons as the economists, and no others, for the utility of commerce.

ON MALTHUS' CRITICISM OF JONES ON RENT.

If I understand Malthus' objections to my doctrine of rent, he is committing an error, of the nature of which he seemed aware, while treating of population, and which he has taken some pains to point out. To suppose an extreme case, and reason as to what is to happen when it arrives, is a childish amusement. To examine what takes place while we are approaching that position (never

perhaps to be attained), is an important and useful task. In population, men ran to the extreme point, and began to talk of what would take place when the earth was fully peopled, and were unwilling to think about what was happening while men were approaching that state. Malthus showed that *this* was the interesting problem, that *his* object was to ascertain the relative increase of numbers and food while the earth was replenishing. Now so as to rent, what will happen when the skill and power of man have reached their maximum, is an idle and useless inquiry; what happens every day, when tillage is spreading and capital increasing, is practically interesting and important.

While the skill of man is developing itself and running a race with the decreasing natural powers of the soil, Ricardo and others have declared that, at every step, man must be foiled, and this by a law of nature; and that rents must rise from reduced returns and a transfer of wealth already existing, and could only rise from that cause. I have shown that man may overcome the difficulty, that there is no law of nature to prevent his doing so, that rents may and do rise from the consequences of his success, not of his failure,—from a creation of new wealth and not a transfer of old. I have shown that this struggle has been carried on successfully in the country in which the soil has been most forced, and that, from considerations connected with the powers and nature of auxiliary capital, the struggle may go on with like results for ages longer.

Now Malthus says I have not proved my point. What point? I never denied there was a limit to man's skill

and power, and a point at which rents would rise from the consequences of man's failure. On the contrary, I admitted it, and showed how the rise would take place. I tried to throw light on the progress of rents and the fortunes of society before that point was reached, and I showed it had not been reached yet. I leave others to speculate about what is to result when it is reached. As to the new colonies, I did not consider their future progress connected with farmers' rents, because I have no reason to believe they will prevail there at all.

In regard to population, I do not consider it true that it has a tendency to increase as the power of commanding healthful subsistence increases; that is, in any rational sense of the word tendency. While the earth is replenishing, men increase more slowly as their command over the means of subsistence becomes greater, and are quite as likely to come to a stand still from that cause as really to fill the earth up to its powers. It is useless to speculate on extreme cases. In regard to heat and cold, the collision of comets, geological phenomena, the exhaustion of coal-fields, who dwells on the last extreme results and neglects the present progress. We live in the midst of the action of forces and causes which may, and perhaps will, destroy the earth, yet their mutual action is regulated, and the final event suspended by Providence; and so of moral and physical forces in political economy. Malthus says, look to the intermediate progress of population and food. I say so, too, and assert that the command over food increases as population increases in well-governed and prosperous States,—that this is a fact.

DISTINCTION BETWEEN CAPITAL AND REVENUE.

Any phraseology which tends to confound capital and revenue, two things which the word *capital* was invented to distinguish, must obstruct the progress of investigation. The gradual manner in which accumulated stock assumes the various functions which we see it exercise among ourselves is one of the most remarkable phenomena in the history of human society. It is the source of the most important changes which occur in the progress of wealth. The divisions and direction of labor are almost wholly dependent upon it, and so likewise are the relations which connect the different grades of society, the extent and influence of the intermediate classes, and consequently the elements of political power and the foundations of political institutions.

To confound this fund with *revenue* must necessarily embarrass and mislead. The changes occasioned by the gradual substitution of the one for the other can only be imperfectly understood unless the distinction between them be kept steadily in view. The defining everything to be capital which can be made to support labor, one of the functions which revenue and capital each perform, but with strikingly different effects, is one of the most unlucky instances of tampering with language which the history of political economy affords.

The phraseology which confounds them has two glaring defects. It tends to present as a homogeneous mass a general fund which really consists of many very different

parts; and it tends also to confound the whole with one of its parts, which leads to positive error.

The origin of the confusion is easily traced. Perceiving that capital in certain cases performed the function of advancing the wages of the laborer, it has been concluded that whatever performed that function must be capital too. An accident has been mistaken for an essential characteristic.

ON DEFINITIONS.[1]

I have been reproached with giving no regular definition of rent. The omission was not accidental. To begin, or indeed to end, an enquiry into the nature of any subject, a circumstance existing before us, by a definition, is to shew how little we know how to set about our task —how little of the inductive spirit is within us.

A definition is necessary to the pure mathematician, to whom it presents the subject matter of his reasoning; to the moral philosopher, who is talking about abstract terms and qualities, which are creatures of mind, about which no two persons could be sure they were speaking when they are not strictly defined by words; and to the Aristotelian logician, whose art fails him if he is not enabled by means of a definition to get at the major of a syllogism in the first mood and figure.

But when we wish to establish general facts or principles relating to things as they actually exist, if we begin by a definition, it is to suppose our task finished before it is begun; and as man's art can rarely exhaust

[1] A portion of this was put in a note in italics in the book on Rent.

the subtlety or guess at the extent of nature, therefore to end with a definition is seldom a much wiser attempt than to begin with one.

I have pointed out the origin of payments made to the owners of the soil. I have tracked their progress. If any reader during this enquiry is puzzled to know what we are observing or speaking of together, assuredly he had better lay aside the book (and if he would allow me to take a friendly liberty with him, I would add), and the subject.

We may sometimes distinctly mark the portion of a subject we mean to grapple with by the help of definitions; for this purpose, and with due warnings and precautions, I have used a definition of *wealth*. I could not, without folly, have begun with one of rent. I doubt if I could properly have attempted to conclude with it; and if I could have done it I would not.

Suppose, for instance, rent were defined to be *the payment made to the landlord for the original powers of the soil*: the fact is, that when outlay is so mixed up with the land that it cannot be again moved, the return to that capital is influenced by the laws which govern rent and not those which govern profits; and to separate the payment made for such a spot of land into rent and profits is only perplexing the subject by a definition, not making it more easy.

Men have too often on this, as on many other subjects, instead of using definitions to assist their reasonings, treated them as the foundation of their conclusions; and there cannot well be a greater mistake. But I will not enter on a dissertation into the use and abuse of defini-

tions. It would be a long one. It is obvious that, in inquiring into principles and laws relating to things as they exist in the world, words may be used to indicate the subject of research but not to supersede them.

In Aristotelian logic a general conclusion is assumed as the foundation of syllogistic reasoning. But when a general affirmation is made, a definition may reasonably be required by those who wish to know what it is meant to comprehend. But in that case the definition should be understood as limiting the subject. It will bear no negative conclusions: for instance, what is not true of rent defined may be true of rent in nature. But where syllogistic reasoning is out of the question, and we are travelling *towards* and not *from* general conclusions, words are to be used to indicate, not to limit our subject, and, of course, are not meant to be used as the foundation of the general propositions we are searching for, or, through them, of deductive reasoning. Limited propositions may be got from them with truth, but if we use them as general, we err almost necessarily.

LABORING PROPRIETORS IN GREECE.

Long as the literature of Greece has been before us, it is but lately that it has been made to shed much light upon its economical condition. For this we must, in gratitude, though not without regret, own that we are mainly indebted to the labors of foreign scholars. It appears that in the condition of the various orders of people in their leading States, and in their relation to each other, there were remarkable and important pecu-

liarities. It is not true, perhaps, that no analogy can be traced between the economical constitution of Grecian society and that of some modern nations; but, after making full allowance for those analogies, there still remain striking differences, which contributed essentially to give a peculiar coloring to their laws, manners, habits, morals, and opinions.

Greece, like most of the nations of the earth, was agricultural. The earth was the great source of its wealth. It was in cultivation that by far the largest portion of its industry was employed. But the earth was cultivated under circumstances, and its produce divided upon a plan and on conditions, to which there is nothing very similar in modern times. The most eminent of the Grecian States were inhabited, during the period of their history which is the most familiar to us, by nations who had seized on the territories they occupied as conquerors. The fact of their conquest was known to them, as it is to us sometimes, by traditions they have recorded, and which barely assume the form of authentic history; and sometimes the story of it is to be collected from mythical legends, which offer but too tempting a subject to the adventurous ingenuity of ancient patriots and modern interpreters. Occasionally, as in the case of the Athenians, we collect from the institutions and conditions of a people boasting themselves to be aboriginal, the proofs of former and forgotten conquests, which give the lie to their pretensions.

There is one fact, however, which appears to be common to all the communities of the invaded and subjected nations. They were already agricultural, and so far

accustomed to habits of patient industry, that it was safe to entrust to them the subsistence of the conquerors. This circumstance distinguished the conquest and the institutions which grew out of it from those in which the conquered people are in a less advanced state. There the adoption of labor rents, similar to those which exist in *serf* countries, are the only means by which the superiors can safely use the industry of a subject people. If their own eyes did not see, and their own arms enforce the works of husbandry, the ignorance or laziness of the vanquished race would, if alone entrusted with the work of cultivation, leave their conquerors to starve.

This opportunity of consuming the fruits of the soil, which they had won without assisting in producing them, was apparently seized upon universally by the early invaders of Greece. Their power and will to live without labor, and even without the superintendence of labor, supplied a foundation and gave a character to all their political institutions. Had the districts they took possession of been wide, individual chieftains would have acquired a solitary and independent greatness, which would have baffled in the end any schemes of common education. While their territory was confined, their numbers appear to have been so small, compared with the conquered party, as to make it expedient that they should not abandon their military organization, and their habits were such as to make united councils a form of government which could only be carried on by many hands. On the one hand, therefore, there existed a body of conquerors who were brought into constant contact by the narrowness of the territory they occupied,

and the necessities of their position, which compelled them to maintain their predominance by mutual effort; and, on the other hand, a conquered people, the tillers of the soil, from which their masters derived the means of an idle existence. These constituted the first great division of society. The second was marked out by great differences in the position of the conquered classes. One portion of them was ordinarily tributary to the State, on joint account with whom their lands were held. Another portion belonged to individuals whose estates they cultivated upon certain fixed conditions. In either case their rents were paid in produce. The political condition of the State husbandmen was equivocal. They were freemen, but not citizens. There was a tinge of subjection and degradation, not amounting to absolute slavery, from which they sometimes won their way by wealth and numbers to a communion of rights, and became merged in the mass of citizens, properly so called, in the course of time. It was enumerated among their privileges, that they could not be put to death without trial, or sold beyond the borders of their country. But although they were in a certain sense slaves, yet their persons and in some instances their property, were inviolate, and they occupied the soil on conditions, in some cases, so easy as to leave them by much the largest share of the rent or beneficial interest, insomuch that they were said to have been in some cases richer than their masters.

When this form of society broke up, as it did rapidly, in all but the Darian States, a species of laboring proprietor may sometimes be discerned. But before we speak of these, we may indulge in a few remarks on the

peculiar composition of the master castes, the proprietors who did not labor or direct labor, and on the effect of that composition on the political philosophy of the Grecian States and their forms of government, speculative as well as practical. Certain peculiarities marked the Grecian society whenever it remained in this frame. First, there was the complete leisure of a numerous body of proprietors sharing the produce of lands, of which they had no right (to say nothing of their inclination) either to take possession or to interfere with the cultivation. Secondly, the number of these proprietors was too great to admit of very large estates, even where the law did not prohibit them, and this shut them out as individuals from an aristocratic influence, which might overawe or interrupt the common weal, and force them into the position of an armed militia. Thirdly, The prejudices growing out of this state of things led them to consider the master caste as alone representing, or indeed constituting, the State. From these peculiarities we may see what a field was offered for speculative legislation. Where men's social duties have great demands upon their time, and where the chances of success or failure, of competence or poverty, depend on men's daily exertions, the lawgiver must adapt his regulations to their habits and their means, or his law will be powerless. Where all ranks participate in the character of citizens and in the care of the State, some eye must be had to the interests and rights and habits of the poor as well as of the rich. Where an aristocracy possessing great influence and power prevails, the lawgiver must be wary

of thwarting their independence or caprice. But with a large body of citizens, free from occupation, with the lower classes in a state of indefinite, but substantial, degradation, which made it lawful to consider them as possessing no political rights or privileges, and with an aristocracy numerous and dominant, but not individually powerful, all obstacles were removed to the exercise of the lawgiver's talent and love of speculation.

Read Aristotle or Plato with these considerations before you, and their utter neglect of all but the citizen soldiers, their harsh and unhesitating oppression of the productive classes and their wild attempts to control the modes of life, and to determine the education, the morals, and the domestic habits of their citizens, will then be explained. Presenting such materials for lawgivers to act upon and dispose of, each State, to say nothing of those under the government of Solon and Lycurgus, anxious to preserve its polity, and keep out the claims of the productive classes, resorted often to a fresh division of lands, and to new laws of inheritance, and struggled and contrived to ward off the necessity of dividing their power with those whom they considered to be of a different race and inferior in blood. What with the desire of preserving the superiority of their caste, and the fear perpetually forced upon them by circumstances that it was escaping them, they were willing to listen to any contrivances and behests which promised, by force of regulations and laws, to preserve their military and political supremacy. Hence the boldness with which their

speculative lawgivers interfered with the whole social life and habits of the citizens, which they made the exclusive object of their care.

Authors of modern date have imitated their building without having the same materials to work upon. Hence their schemes appear to us *Utopian* dreams, while those of their archetypes among the Greeks were really, from their peculiar state of society, often practicable, however strange and fantastic.

To return, however, from this digression to our more immediate subject, viz., that portion of the wealth of Greece annually distributed as the wages of laboring proprietors. It is evidently not among the master caste that such proprietors were to be found. There remain the subordinate occupiers. Among these a part of the wealth produced certainly was divided as the reward of their toil. But here a difficulty occurs as to the use of language, which it may be as well to grapple with at once, as it may occur again in a much wider field of investigation, and if not got rid of, may impede us in our effort to observe and understand things. The masters of the State were clearly the lords paramount,—the chief proprietors of the soil. In what sense can the subordinate occupiers be treated as laboring proprietors, or proprietors at all, and in what sense are they properly tenants? It is essential to enter into this question, in order to understand many rude states of society, which will come before us, modern as well as ancient, some of which are, as it happens, much connected with England, and in which the difficulty of deciding this very question has involved our past government in serious error,

and our actual administration in great doubts and difficulties. In modern Europe we have, in later ages, been accustomed to see the right to the possession of land, and the right to a beneficial interest in it in the same hands;[1] and to speak of a person being the proprietor of a spot, to the possession of which another person has an undoubted right, and a right he can sell or transmit to his heirs, sounds strange to us, because it refers to a state of things not contemplated in our vocabulary. And yet this state of mixed right, to which it is so difficult to apply modern European terms with precision, existed rudely in ancient days and exists rudely in remote countries now. In some cases, a right to hereditary possession is wholly unaccompanied by a right to any beneficial interest whatever. The occupiers are mere laborers, or laborers and capitalists, getting wages and profits. In other cases, the subordinate proprietor has a right to hereditary possession, which leaves him some beneficial interest, and he enjoys a portion of the rent. There are again other cases in which they differ; in some of which the right to hereditary possession, recognized by law and usage, is efficient in practice; while in others, although recognized by law, there are no practical means of causing it to be respected. The population of the greater part of Asia have long ceased to have any beneficial interest in the soil, of which they are the hereditary occupants: and the absolute governments, renewed by frequent conquests, combined with the genius and habits of the people, deprive them of

[1] By a beneficial interest is meant a right to any revenue it may produce after maintaining the laborers, replacing the stock, and paying all the necessary expenses of cultivation.

all power to resist the arbitrary invasion of their hereditary rights.

In Greece it was the object of the Government to sustain rather than invade the hereditary rights of the subordinate occupiers, and a considerable part of the beneficial interest in the soil was left in their hands. Although therefore their right was subordinate to that of the State, they assumed a character nearer to that of the landholder. In no case, however, were the rights of the sovereign or of the subordinate proprietor such as to allow of the European terms, which denote absolute property, being applied to their respective interests, without misleading those who receive them in their usual acceptation. In such cases, the remedy for ambiguity and disputatious dissertation is obvious. We can easily adopt a phraseology which simply expresses the fact as to their respective interests, and involves no exaggerated or distorted views founded on the phraseology of other nations differently circumstanced. We may for instance call the State or the sovereign the lord paramount, and the subordinate cultivator the hereditary occupier. What is the precise extent of the interests of each, and what their relative positions, will be a matter of inquiry: which shall be called the proprietor, is a mere verbal difficulty. These hereditary occupiers, however, existed in Greece. They were left, as has been stated, in possession of a portion of the beneficial interest in the soil, and they were ordinarily undisturbed in the possession of it. For our present purposes, they will be most naturally ranked among the laboring proprietors of the earth, although, in so

treating them, we must never lose sight of their peculiar position. There would be no positive error in considering them as a peculiar species of tenantry. They are an ambiguous race, not homogeneous with either the tenantry or proprietors with whom we are familiar. Greece was an agricultural nation, and these hereditary occupiers cultivated so much of it, that of the laboring community they formed a large portion. In the distribution of the wealth of that *part* which was applied *to the support* and reward of the living agents who produced it, a large portion fell into, or rather remained, in their hands.

FRAGMENT ON CURRENCY.

Whenever bullion is leaving the country, the proximate cause may be assumed to be the same,—namely, an unfavorable state of the exchanges. But the cause of that unfavorable state is not always the same; and the difference is important when the public policy as to the amount of currency is under consideration.

The first cause I shall name, of an unfavorable rate of exchange, is an increase in the amount of paper and coin beyond the amount to which the currency would be limited, if bullion and coin alone were used as money without paper.

This was the cause of the exportation of our gold under the Bank Restriction Act; and it is tolerably well understood by all who have thought at all on the subject.

The indications of the actual existence of this cause,

as well as the remedies for the evils which it inflict are different from the indications supplied by the secon cause, which I shall presently advert to, and likewis from the remedies suited to meet the actions and th evils arising from that second cause.

The proper remedy for an excess of currency is obv ously a contraction of currency. The indication of th excess is a general rise of prices, that is, of prices est mated in the currency of the country, and not to b traced to any real advance in the cost of production To observe this rise and to trace it to its cause is n a matter of any real difficulty. It requires, however a moderate degree of pains and caution which canno be dispensed with. It is clear that such a rise wil be general. It will apply to all commodities and t labor of all kinds. All may not rise quite simultane ously; but all will gradually and *almost* simultaneousl advance together.[1]

Practical men, having their eyes fixed on the move ment, can hardly mistake it or be misled by partia advances, to be traced to the cost of producing or the mode of exchanging particular portions of a nation productions.

I have said that such a rise of prices resulting fro an excess of paper issue, is only to be met by a cor traction of the circulation. Whether with a convertibl paper such an excess of issue is permanently possibl is a question which I am not prepared to answer cidedly. I much doubt if it is. To provide, howe

[1] It has been observed that labor is always the *last* thing to rise or fall on s occasions.—Ed.

against it, if it be even possible, is clearly good policy, and therefore the duty of all Governments who are not blind to the consequences of that unjust alteration in the distribution of the wealth of a country which necessarily follows alterations in the real value of its currency, its denomination and estimated value in reference to existing contracts remaining the same.

It was to prevent such a fall in the real value of the circulating medium, that the Bill of 1844 was introduced; and that it effected this object may be admitted. Any measure which provided that no more than a given proportion of the ordinary amount of the circulating medium of the country should consist of paper issued on credit, and that the whole of the remainder should consist of gold, or of paper issued in exchange for bullion, would be a perfectly sufficient protection.[1]

But the Bill of 1844 did something more than this; for, in order to limit the amount of money which should circulate in the ordinary condition of the country, it provided that on no occasion, however extraordinary, should any expansion of that circulating currency take place other than an expansion founded on an import of gold into the Bank.

It is under the steady carrying out of this principle, that a portion of the late difficulties of the mercantile world is pretty generally, and, I believe, with truth, attributed; and to understand this, we must examine somewhat more nearly the manner in which the vast

[1] The reader will bear in mind that, by the Bill of 1844, the paper issued on credit is not a *given proportion*, but a *fixed quantity under all circumstances*.—Ed.

bulk of commodities produced in England are exchanged and distributed to their ultimate consumers.

The transactions of the English clearing house amounted in the year 1839 to upwards of 900 millions. Of these transactions, 6 per cent. only, or 54 millions, required payments in money; and of them it may safely be assumed that 50 millions were paid in notes, and not more than 4 millions in gold. But the use of these 54 millions indicated transactions to the full extent of 900 millions, the great bulk of which was settled on credit without the use of bank notes or coin.

But settlements on a balance of credit are not confined to the clearing house, of which the transactions do not probably equal more than half of those of the whole kingdom. Including balances of book debts and drafts on country bankers, the amount of balanced credits which perform the office of a circulating medium may pretty safely be estimated at 2,000 millions; but take it at 1,500 millions. The amount of coin and bank notes does not exceed 60 millions,[1] or 1-250th

[1] This estimate is certainly too low. In the year 1842, when the light coin was called in, upwards of eleven millions found their way back into the Mint for re-coinage, and this was supposed to be not quite one-fourth part of the quantity at that time in circulation, exclusive of what was in the hands of the Bank. At the present period (1858) the amount of coin circulating throughout the United Kingdom is estimated, by the best authorities, at sixty-five millions, while the entire note circulation amounts, according to the latest returns, to forty millions, making a total of one hundred and five millions.

On the other hand, the vast extension of the banking system has prodigiously increased *the proportion* of payments effected by banking credits and off-sets among the bankers themselves, so that the amount of coin and paper now afloat, although much larger than that mentioned in the text, nevertheless bears a much smaller proportion to the total mass of pecuniary transactions which it serves to liquidate, than at any former period of our history. The annual amount of money transactions in *London alone*, that are settled at the Clearing House, without the intervention of either coin or paper (the balances among the bankers themselves being paid by checks on the Bank of England) is upwards of 1,900 millions. This important fact tends to strengthen rather than invalidate the author's argument.—Ed.

part of the whole; and this 250th part is just as effectual as a medium of circulation, as coin or bank paper would have been for the entire amount.

Now this circulating credit has some peculiarities which must be carefully noted in considering the subject of legislation on currency. It is subject to sudden and large variations in its amount, and to variations in its rate of circulation, not less important than, and producing effects identical with, those arising out of the variations in its amount. Those variations, again, depend upon other variations, in the temper and feeling of the people, in the confidence, or the doubtfulness, with which they look forward to the circulating credit of the country performing its great office of balancing transactions and doing the work of money.

A reduction is sometimes thus made in the circulating credit of the country, which produces effects out of all proportion to the perceptible variations in the amount of the currency; and which are not at all the less formidable, because unfortunately we have not learnt, nor, so far as I know, tried to learn, the extent of the influence of the one over the other; or the exact quantity of spasmodic contraction in this circulating credit, which a contraction of the currency will expose us to.

The mode in which such panics begin is ordinarily an increasing difficulty in procuring discounts. This will be easily understood. Legally to liquidate a debt, every person must have the means of commanding a certain portion of the circulating medium which is a

legal tender. If he is confident that the bill of exchange which is offered him in payment for his goods will procure him money when he wants it, the bill of exchange is as good to him as money, and he sells his goods and passes the bill on to his creditors; but when there is a very great doubt if the bill of exchange will enable him to command what is a legal tender, if he wants it, he will not part with his goods for a fresh bill, nor will his creditors accept those he already possesses in discharge of their demands. And then a panic begins. The number of bills of exchange in circulation diminish, and those actually circulating circulate much more slowly.

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THE END.

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